

# GOVERNMENTAL AFFAIRS REPORT



**Please Note:** Governmental Affairs reports are not published during the holidays and will resume with the January 12, 2026 issue.



Wishing you a safe, merry, and joyous holiday season and a happy new year!

## FEDERAL – Legislative

**H.R. 6352 – Curtailing Litigation Excess and Abuse Reform Act of 2025.** On December 15, official bill text was made available for [H.R. 6352](#), known as the Curtailing Litigation Excess and Abuse Reform Act of 2025 (CLEAR Act). Sponsored by Rep. Troy Balderson (R-OH), the bill would “streamline America’s energy projects by ensuring a project can move forward without being trapped in perpetual legal battles.” The bill “eliminates excessive litigation against energy projects while maintaining stringent environmental standards.” Among other provisions, the measure provides “that once a court has ruled on an energy project, opponents can’t drag it back into court repeatedly.” Further, the measure would “prevent activist groups from filing serial lawsuits to block projects they oppose ideologically, while still preserving legitimate avenues for oversight and enforcement.” A companion Senate version, [S. 3305](#), has been introduced by Sen. Tom Cotton (R-AR). [Read more.](#)

**H.R. 4776 – Standardizing Permitting and Expediting Economic Development Act (SPEED Act).** On December 18, bipartisan federal permitting reform legislation passed the House and now heads to the Senate for consideration. Sponsored by House Natural Resources Committee Chairman Bruce Westerman (R-AR), [H.R. 4776](#), known as the Standardizing Permitting and Expediting Economic Development Act, or SPEED Act, amends the “National Environmental Policy Act of 1969 to clarify

ambiguous provisions and facilitate a more efficient, effective, and timely environmental review process.” According to Rep. Westerman, the bill will “remove barriers to advancing critical energy infrastructure projects” and notes that “the country’s broken permitting process has inhibited economic growth.” That process, under the National Environmental Policy Act of 1969 (NEPA), applies “to the construction of all major infrastructure projects, including transmission lines, energy projects, broadband, water infrastructure, and roads and bridges.” However, “over time NEPA reviews have become time-consuming, driving up costs and delaying permit approvals. Special interest groups often use the statute to litigate and block critical investments.” [Read more.](#) As such, “The SPEED Act aims to bolster infrastructure projects by decreasing the amount of scrutiny their environmental impacts face. It would create new exclusions for which projects are subject to environmental reviews, restrict which environmental factors can be considered in a review of a project, and limit lawsuits against federally approved projects.” [Read more.](#) Specifically, the bill “limits the scope of the National Environmental Policy Act of 1969 (NEPA) and modifies the environmental review of major federal actions under NEPA to generally limit the number of federal actions that trigger NEPA review and to expedite the review process. For example, the bill redefines *major federal actions*, including to specify that an agency may not determine that an action is a major federal action based solely on the provision of federal funds. It also excludes from the requirement for NEPA review certain proposed agency actions that have already been reviewed under another federal, state, or tribal environmental review statute that meets the requirements of NEPA.” Further, the bill “directs an agency, when preparing an environmental document for a proposed agency action, to consider only those effects proximately caused by the immediate project

or action under consideration. Agencies may not consider effects that are speculative, attenuated from the project or action, separate in time or place from the project or action, or in relation to separate projects or actions.” The SPEED Act also “modifies the requirement for agencies to prepare an environmental assessment to apply to agency actions that are not likely to have a reasonably foreseeable significant effect on the quality of the human environment. (Currently, the requirement only applies to actions that do not have such an effect.) Finally, the measure makes modifications to NEPA to “include limiting judicial review of NEPA cases.” The final House version also included an amendment that would “block the executive branch from revoking energy permits after approval.” According to the amendment sponsor, Rep. Jared Golden (D-ME), presidents of both parties, including both “Trump and Biden have embraced this tactic to block projects they disapprove of — even those in the final stages of completion.” [Read more.](#) However, an additional adopted amendment retains President Trump’s ability to continue its review of offshore wind projects. This administrative review was a sticking point for many conservative House members who oppose offshore wind projects and who refused to support the SPEED Act without its approval. [Read more.](#) To access a full bill analysis, [Read more.](#)

**House Natural Resources Committee Hearing on Geothermal Energy Legislation.** On December 16, the House Committee on Natural Resources Subcommittee on Energy and Mineral Resources held a legislative hearing titled, *Advancing Geothermal Permitting and Leasing Practices*, aimed at improving geothermal permitting and leasing practices in support of geothermal energy production. [Read a summary of each bill here.](#) To access a full video recording of the hearing and witness testimony, [Read more.](#)

## [FEDERAL – Regulatory](#)

**President Trump Establishes Federal AI Policy with Executive Order.** On December 11, President Trump issued an Executive Order, [Ensuring a National Policy Framework for Artificial Intelligence](#), that “seeks

to create a uniform federal AI policy, citing risks from a patchwork of state laws that could hinder innovation.” The White House has also launched an AI Action Plan website with further insights on the Trump administration’s goals as it relates to establishing this comprehensive and uniform federal AI policy. [Access the White House AI website here.](#) As reported by law firm DLA Piper, “Key directives include forming an AI Litigation Task Force, evaluating state AI laws, and conditioning certain federal funds on compliance. Agencies must explore pre-emption strategies, develop reporting standards, and propose a federal legislative framework for AI regulation. The EO signals potential litigation and funding restrictions for states with laws deemed burdensome or unconstitutional.” [Read more.](#) For additional legal analysis, fact sheets, and summaries on the AI policy directive, [read more here](#) from law firm Gibson Dunn and law firm Paul Hastings [available here.](#)

**BLM Oil and Gas Lease Sale – Colorado.** On December 9, the Bureau of Land Management (BLM) announced it has “opened a 30-day public scoping period to receive public input on 174 oil and gas parcels totaling 160,628 acres that may be included in a June 2026 lease sale in Colorado. The comment period ends Jan. 8, 2026.” [Read more.](#)

**BLM Oil and Gas Lease Sale – Colorado.** On December 11, the BLM announced it “is offering 23 parcels containing 20,451.34 acres in Colorado for internet-based competitive oil and gas leasing” to be held on January 8, 2026. According to the BLM, they are “holding a replacement sale because the original competitive auction held on December 9, 2025, did not receive bids on 25 percent or more of the acres offered.” [Read more.](#)

**BLM Oil and Gas Lease Sale – Dakotas.** On December 9, the BLM “opened a 30-day public comment period to receive public input on plans to include 23 oil and gas parcels totaling 8,992 acres in North and South Dakota in an April 2026 sale. The comment period ends Jan. 8, 2026. The BLM completed scoping on these parcels in November 2025 and is now seeking public comment on

the parcels, potential deferrals, and the related environmental analysis. The BLM will use input from the public to help complete its review of each parcel.” [Read more.](#)

**BLM Oil and Gas Lease Sale – Ohio.** On December 16, the BLM “opened a public scoping period to receive public input on 41 oil and gas parcels totaling 2,795 acres that may be included in a September 2026 lease sale in the Wayne National Forest located in southeastern Ohio. This is the first lease sale held in Wayne National Forest since March 2017. The comment period ends Jan. 15, 2026.” [Read more.](#)

**BLM Oil and Gas Lease Sale – Utah.** On December 15, the BLM “opened a 30-day public scoping period to receive public input on 39 oil and gas parcels totaling 54,114 acres that may be included in a June 2026 lease sale in Utah. The comment period ends Jan. 15, 2026.” [Read more.](#)

**BLM Oil and Gas Lease Sale – Wyoming.** On December 11, the BLM “announced an oil and gas lease sale scheduled for March 3, 2026, to offer 53 oil and gas parcels totaling 69,455.55 acres in Wyoming. The BLM completed scoping on these parcels in August 2025 and held a public comment period that closed in October 2025 on the parcels and the related environmental analysis. A 30-day public protest period to receive additional public input opened today and will close January 12, 2026.” [Read more.](#)

**BLM Oil and Gas Lease Sale – Wyoming.** On December 9, the BLM announced it will hold “an oil and gas lease sale on Dec. 30, 2025, offering 34 parcels totaling 26,050 acres in Wyoming.” This additional December lease sale is being held to meet requirements in the [One Big Beautiful Bill Act.](#) [Read more.](#)

**BOEM Holds Offshore Oil and Gas Lease Sale.** (*Update to 11/24/25 Report*) On December 10, the Bureau of Ocean Energy Management (BOEM) held its first offshore oil and gas lease sale as required by the One Big Beautiful Bill Act. According to the BOEM, lease sale Big Beautiful Gulf 1 “generated

\$300,425,222 in high bids for 181 blocks across 80 million acres in federal waters of the Gulf of America. Thirty companies submitted 219 bids totaling \$371,881,093.” The Interior Department said, “Lease Sale Big Beautiful Gulf 1 marks a renewed, proactive offshore energy strategy focused on strengthening national security, expanding economic opportunity, and responsibly stewarding America’s abundant natural resources.” [Read more.](#)

**BLM Federal Onshore Oil and Gas Statewide Bonds; Extension of Phase-In Deadline.** On December 18, the BLM published a direct rule, *Federal Onshore Oil and Gas Statewide Bonds; Extension of Phase-In Deadline* ([90 Fed. Reg. 59069](#)), “to amend BLM regulations to extend the phase-in date for compliance with the minimum bond amount for Statewide oil and gas bonds. The current regulation requires operators to increase or replace existing Statewide bonds to meet the \$500,000 minimum bond amount by June 22, 2026. This rule extends that deadline to June 22, 2027, aligning it with the phase-in date for individual lease bonds.” The final rule will be effective on February 17, 2026, unless the BLM receives “significant adverse comments” by January 20, 2026. [Read more.](#) The Domestic Energy Producers Alliance and the National Stripper Well Association issued a joint statement applauding the action, writing, “We are grateful for Secretary Burgum’s leadership and for DOI and BLM recognizing the serious and immediate consequences these bonding requirements pose to small, family-owned producers. Today’s final rule is a prudent step that prevents unnecessary harm to rural communities, domestic energy production, and American energy affordability while the rulemaking process is allowed to fully play out.” [Read more.](#)

**BLM Waste Prevention, Production Subject to Royalties, and Resource Conservation; Extension of Phase-In Requirements.** On December 15, the BLM published a direct rule, *Waste Prevention, Production Subject to Royalties, and Resource Conservation; Extension of Phase-In Requirements* ([90 Fed. Reg. 57921](#)), the purpose of which is “to amend its regulations to extend the phase-in dates

for compliance with regulations related to both measurement-and-sampling requirements for high-pressure flares and the submission of Leak Detection and Repair (LDAR) programs.” The BLM says it “seeks to delay the following requirements as we are pursuing a separate but related proposed rulemaking in the coming months that could significantly change the timelines for these requirements. This delay will provide operators with relief while the BLM pursues these changes.” The rule will be effective on February 13, 2026, “unless significant adverse comments are received by January 14, 2026.” [Read more.](#)

**EPA Launches Clean Air Act Resources for Data Centers Website.** On December 11, the U.S. Environmental Protection Agency (EPA) launched a new AI/Data Center website, [Clean Air Act Resources for Data Centers](#), to support President Trump’s Executive Order, [Removing Barriers to American Leadership in Artificial Intelligence \(AI\)](#), which “boldly calls for America to retain dominance in technological innovation through the creation of the 2025 ‘America’s AI Action Plan.’” According to the EPA, “This website provides a central location for those looking to learn more about CAA regulations, guidance, and technical tools that can assist with modeling, air quality permitting, and regulatory interpretations relevant for data centers and AI facilities.” Further, EPA staff “are available to consult with permit reviewing authorities and individual sources on a case-by-case basis to identify existing data, models, and tools to demonstrate compliance and, as appropriate, exercise discretion and flexibilities in the permitting processes.” As reported by law firm Steptoe & Johnson, “the initiative is framed as part of broader efforts under Trump’s AI and infrastructure directives to modernize older Clean Air Act rules and to accelerate regulatory approvals for the construction of data centers and associated electric generation necessary for these facilities.” [Read more.](#) For further insights into the EPA’s new AI/Data Center website, read more from law firm Gibson Dunn [available here](#) and from law firm Jenner & Block [available here](#).

**Geothermal Resource Development.** On December 5, law firm Holland & Hart published a useful primer

on geothermal resource development titled, *State, Federal Incentives Heat Up Geothermal Projects*. According to the article, “The geothermal energy sector is experiencing a renaissance, driven by dramatically accelerated permitting procedures for projects on federal land, as well as state-level incentives that position geothermal as a critical component of U.S. energy independence strategy.” The article “summarizes the best practices for operating in the complex legal framework surrounding geothermal energy” and includes comprehensive resources that may be of interest to AAPL members working in this space. Some of the issues discussed include federal incentives, individual state regulatory frameworks, permitting concerns, compliance with existing water rights and property issues, and stakeholder engagement, among other topics. [Read more.](#)

**U.S. Department of Energy AI Genesis Mission.** On December 18, the U.S. Department of Energy “announced agreements with 24 organizations interested in collaborating to advance the [Genesis Mission](#), a historic national effort that will use the power of artificial intelligence (AI) to accelerate discovery science, strengthen national security, and drive energy innovation.” According to the Energy Department, this “announcement builds on President Trump’s Executive Order [Removing Barriers to American Leadership In Artificial Intelligence](#) and advances his [America’s AI Action Plan](#) released earlier this year — a directive to remove barriers to innovation, reduce dependence on foreign adversaries, and unleash the full strength of America’s scientific enterprise.” [Read more.](#) The goal of the Energy Department’s Genesis Mission is to “develop an integrated platform that connects the world’s best supercomputers, experimental facilities, AI systems, and unique datasets across every major scientific domain to double the productivity and impact of American research and innovation within a decade.” [Read more.](#)

**U.S. Geological Survey Releases Assessment for Undiscovered Oil and Gas in the Haynesville Formation.** On December 17, the U.S. Geological

Survey (USGS) “released its assessment of potential for undiscovered gas and oil in the Haynesville Formation underlying the onshore Gulf of America and adjoining state waters, assessing that there are technically recoverable resources of 47.9 trillion cubic feet of gas and 152 million barrels of oil.” Ned Mamula, USGS Director said, “The U.S. economy and our way of life depend on energy, and USGS oil and gas assessments point to resources that industry hasn’t discovered yet. In this case, we have assessed there are significant undiscovered resources in the Haynesville Formation of the Gulf Coast.” [Read more.](#)

## **FEDERAL – Judicial**

**Wind Project Approvals – Massachusetts District Court.** On December 8, a federal judge ruled against the Trump administration’s efforts to pause wind project approvals in [New York v. Trump](#) (Case No. 25-cv-11221-PBS). Seventeen states, the District of Columbia, and the Alliance for Clean Energy New York challenged a Trump executive order that “directed federal agencies to suspend issuing all new permits, leases, and other authorizations needed to develop and operate wind energy projects, both onshore and offshore, pending a wide-ranging assessment of federal wind leasing and permitting practices.” Pursuant to that administration directive, “several federal agencies ordered an immediate pause in the issuance of all wind energy authorizations.” The court held that “in addition to being arbitrary and capricious, the Wind Order must be set aside on the independent basis that it is contrary to law.” Specifically, the court found the directive was “contrary to” certain provisions of the Administrative Procedure Act. At press, the Trump administration said they are reviewing the decision for possible appeal. [Read more.](#)

## **STATE – Legislative**

**For all 1,000+ 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 [here](#).**

## **STATE – Regulatory**

**CARB Proposed Regulations for Climate-Related Financial Risk Reports and Greenhouse Gas Emissions Disclosures – California.** On December 9, the California Air Resources Board (CARB) released its proposed regulations to implement 2023 legislation, Senate Bills 261 and 253. [See the proposed regulations here.](#) “SB 261 requires covered entities to publish biennial, climate-related financial risk reports, and SB 253 requires reporting entities to disclose scope 1, 2, and 3 greenhouse gas emissions.” As reported by law firm Foley & Lardner LLP, “While the proposed regulations provide some additional information on, and limit, the scope of applicability, as well as information related to the required compliance fees, they provide little guidance on the substance of the information that is required to be included in the reports that must be prepared and submitted under these laws.” [Read more.](#) The proposed CARB regulations will officially be published on December 26, 2025 and will have a public comment period running through February 9, 2026. For a deeper dive and further legal analysis of the CARB SB 261 and SB 253 proposed rulemaking, [Read more here.](#)

**Kern County to Resume Oil and Gas Permits in 2026 – California.** The Kern County Board of Supervisors has announced it will resume issuing oil and gas permits in 2026. Kern County Supervisor Jeff Flores confirmed the news by releasing the following statement: “Wanted to share a significant new development. Kern County received confirmation on December 4, 2025, that the court has officially discharged the writ related to the ongoing litigation concerning oil and gas permitting. This decision represents a significant victory for the County and our energy future. It clears the way for the County to start issuing permits in 2026, which will positively impact local industry and job opportunities.” As reported by *Bakersfield Now*, “The [County Planning and Natural Resources Department](#) will reopen the permitting application portal on Jan. 2, 2026.” [Read more.](#)

**San Diego Opposes Federal Offshore Oil and Gas Leasing Plan – California.** On December 9, the San Diego County Board of Supervisors adopted [a resolution](#) (See item 26, pg. 47) “vowing to fight efforts by the Trump administration to expand offshore oil and gas drilling more than three miles off the coast of California.” The Board said, “While drilling is planned in Federal waters, spills and pollution do not stay within jurisdictional lines, and our communities know firsthand the devastating and long-term impacts of such disasters.” As reported by the *San Diego Union-Tribune*, if finalized, the Interior Department’s five-year plan that included proposals for six offshore leases in federal waters off the coast of California, “would mark the first new oil and gas leases in federal waters off the coast of California since 1984.” [Read more.](#)

**California State Lands Commission Renewable Lease Sales.** The California State Lands Commission has announced state renewables lease sale opportunities for solar, wind, and biomass leases in the state, specifically in Kern, Riverside and San Bernadino counties. Bidding on multiple parcels will be open through March 31, 2026. [Read more.](#)

**State Audit of Oil and Gas Reporting – Colorado.** On December 8, the Colorado Office of the State Auditor (OSA) published a report, [Oil and Gas Reporting: Production, Emissions and Severance Taxes](#), regarding its performance audit of oil and gas reporting administered by the Energy and Carbon Management Commission (ECMC), Department of Public Health and Environment, and Department of Revenue. [See a summary of highlights here.](#) Among the key findings, OSA found that “ECMC can make further improvements to its processes to ensure that it receives all required reports and levies. In addition, we found that although the Colorado Department of Public Health and Environment (CDPHE) collected emissions data from some oil and gas owners and operators for Calendar Year 2023, due to limitations of existing datasets, CDPHE does not know if it collected all of the required emissions data.” [Read more.](#)

**NMED Permit Fees – New Mexico.** On December 8,

the New Mexico Environment Department (NMED) Air Quality Bureau (aqb) announced “it has petitioned the Environmental Improvement Board (EIB) to repeal and replace [20.2.71 NMAC, Operating Permit Emissions Fees](#), and [20.2.75 NMAC, Construction Permit Fees](#). The New Mexico Air Quality Control Act and the federal Clean Air Act require that NMED collect sufficient emissions and permit fees to cover the reasonable costs of NMED’s Title V Permit Program and Construction Permit Program. NMED initiated this rulemaking to increase fees for both the Title V and Construction Permit Programs after determining the current fee structures are inadequate to sufficiently fund the direct and indirect operating costs of these programs.” The NMED further provides that in its petition, “NMED requests that the EIB consider the petition at its regular meeting on December 19, 2025, and schedule a public hearing beginning on March 23, 2026, and continuing through March 25, 2026, or as long as required to hear all testimony, evidence, and public comment. NMED also requests that the EIB deliberate and make a decision on the proposed regulatory changes at the conclusion of the hearing.” Finally, “Should the EIB grant NMED’s request for a hearing, NMED will hold at least one public engagement meeting in January 2026 to discuss and accept feedback on the proposed replacement rules.” [Read more.](#) For further information, including the NMED petition and accompanying exhibits, which include the proposed replacement rules, you may access the NMED’s docketed matters website (See Environmental Improvement Board; EIB 25-77 (R): In the Matter of Proposed Repeal and Replacement of 20.2.71 NMAC – Operating Permit Emissions Fees and 20.2.75 NMAC – Construction Permit Fees) [available here.](#)

**State Release Climate Action Plan – New Mexico.** On December 19, the New Mexico Environment Department announced that the state “has released its [Climate Action Plan](#), a landmark report outlining the state’s progress toward meeting greenhouse gas reduction goals and the pathway to achieving them. The New Mexico Environment Department and Energy, Minerals, and Natural Resources Department developed the plan over the past year in collaboration

with state agencies, local governments, Tribal nations, residents, community organizations, industry, and subject matter experts. The plan serves as a roadmap to meet New Mexico's climate pollution reduction targets set by Governor Michelle Lujan Grisham's 2019 executive order directing the state to reduce climate pollution by 45% by 2030 and reach net-zero emissions by 2050." The Climate Action Plan website says it "provides an actionable roadmap to meet New Mexico's climate pollution reduction targets" and "proposes 45 action items to address greenhouse gas emissions." Among those items, "Addressing Industry Emissions," provides that "Recognizing the oil and gas industry as the state's largest source of emissions and a key economic driver, the plan supports new rules to boost industry productivity by mitigating methane leaks and exploring the potential of carbon capture technology. Another item, "Decarbonizing the Grid," provides that the plan "supports grid modernization, investments in energy storage, and promotes geothermal and other emerging technologies to assure a reliable and affordable transition to a 100% clean energy grid." [Read more.](#)

### **Energy, Minerals and Natural Resources Department Secretary Resigns – New Mexico.**

On December 5, New Mexico Gov. Michelle Lujan Grisham (D) announced that Melanie Kenderdine, Secretary of the New Mexico Energy, Minerals and Natural Resources Department (EMNRD), resigned that same day. [Read more.](#) According to the capital bureau of the *Albuquerque Journal*, Kenderdine "reportedly resigned for personal reasons as Gov. Michelle Lujan Grisham approaches her final year in office." Kenderdine previously served in the U.S. Department of Energy under presidents Bill Clinton and Barack Obama. With Kenderdine's departure, Erin Taylor, Deputy Cabinet Secretary, will serve as Acting EMNRD Secretary. [Read more.](#)

**State Standard Lease Form – Ohio.** On December 17, the Ohio Oil and Gas Land Management Commission announced it will hold a public hearing on January 12, 2026, for the proposed adoption of an update to the state standard lease form. [Read more.](#) According to the Commission, the change amends

the date referenced in the rule to reflect a new version of the standard lease to bring the Commission into "compliance with statutory changes required in [HB 308](#) of the 135th General Assembly by extending the primary lease term utilized in the Commission-adopted standard lease from three years to five years." [Read more.](#) You may also access all documents related to the updated state lease form on the Commission's website, [available here.](#)

### **ERCOT Announces Strategic Organizational Changes to Support Grid Reliability, Rapid Demand Growth, and AI Innovation – Texas.**

On December 12, the Electric Reliability Council of Texas, Inc. (ERCOT) "announced a series of strategic organizational changes designed to accelerate innovation, strengthen grid reliability, and support the unprecedented growth in electric demand across Texas. Two new ERCOT organizations — Interconnection and Grid Analysis and Enterprise Data and Artificial Intelligence (AI) — will formally launch in January 2026." Pablo Vegas, ERCOT President and CEO, said, "Texans expect a grid that is reliable, resilient, and ready for the future. By strengthening our data foundation, modernizing our interconnection processes, and aligning our teams around emerging technologies, ERCOT is building an organization that is faster, innovation oriented, and better positioned to serve Texans for years to come." [Read more.](#)

### **STATE – Judicial**

#### **Kern County Oil and Gas Permitting – California.**

On November 21, the Superior Court of California (Kern County) in [Vaquero Energy Inc. v. County of Kern](#) (Case No. BCV-15-101645-GP) reinstated the county's oil and gas permitting program (See State-Regulatory above), that according to the California Independent Petroleum Association (CIPA) is "ending years of CEQA-based obstruction launched by anti-oil organizations with a determination to kill in-state energy production." As CIPA has noted, "the judge removed the final barrier standing between Kern County and a modern, CEQA-compliant local permitting framework that has endured more rewrites, resubmissions, and judicial reviews than perhaps any

land-use program in state history. The ruling restores full operation of the Revisions to the Kern County Zoning Ordinance — 2020(A), later refined as the 2025 Oil and Gas Ordinance, a comprehensive environmental review and permitting process supported for years by CIPA and its members.” [Read more.](#)

**Deeds; Reservations; NPRIs; Floating Royalty Interests – Texas.** Recently, in [Karli v. Wilson](#) (Case No. 08-24-00065-CV), the Texas Court of Appeals, Eighth District, addressed “the proper interpretation of a reservation clause of an oil-and-gas deed wherein the clause includes inconsistent language about the rights reserved by two grantors and the fractional share of the rights.” Here, “The first part of the clause expressly reserves a 1/32 interest in ‘minerals’ for each grantor, its middle part excludes their participation in bonus and rentals, and the final part concludes with a statement of the grantors intention to reserve a 1/4 ‘nonparticipating interest in the customary one-eighth royalty.’ The grantors’ and grantee’s successors dispute whether the reserved interests are bare royalty interests or interests in the mineral estate stripped of rights to bonus and delay rentals but including executive and development rights. They also disagree on whether the reserved interests include 1/4 or 1/32 of the respective lease royalties.” By conducting a thorough analysis of the instrument and interpretation, the court held “that each grantor reserved a 1/4 mineral interest stripped of all rights except for the right to royalty payments equal to 1/4 of the lease royalty.” As such, the court concluded that the trial court “erred in declaring that the deed’s grantors reserved a non-participating royalty interest but it did not err in declaring that they each reserved a 1/4 floating interest”” stating, “We hold the named grantors, C.R. Wilson and Mary Ida Wilson Allums, each reserved a non-participating mineral interest stripped of all component rights except for the right to royalty payments equal to 1/4 of the respective lease royalty.” As noted by Gray Reed’s Energy & the Law, this case “instructs mineral/royalty traders and their scribes on a surefire way to create title chaos out of what could have been an uncomplicated land transaction.” [Read more.](#)

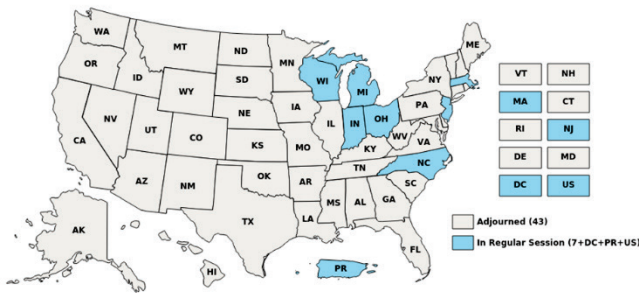
**Sales Tax Refunds for Oil and Gas Operations – Wyoming.** On December 2, the Wyoming Supreme Court addressed whether an oil and gas operator could receive a state sales tax refund for the electricity it purchased for its operations. In [Wyoming Dept. of Revenue v. PacifiCorp](#) (Case No. 2025 WY 126), the operator, Merit Energy, argued that the electricity it purchased from PacifiCorp qualified for the tax exemption for transportation use because “Merit is engaged in the transportation business.” However, “Rather than transporting the product to market, according to the court, the electricity expenses were associated with production.” In denying the sales tax refund, the court essentially held that, “the tax exemption applied only to power purchases for transportation via pipelines necessary to transfer the custody of the product and not for production-related activities.” As reported by Wyoming media, “The ruling overturns a Wyoming State Board of Equalization decision and spares local governments from millions of dollars in potential ‘clawbacks,’ according to some observers who say a ruling in favor of Merit might have incentivized other oil and gas operators to make similar claims.” [Read more.](#)

## **INDUSTRY NEWS FLASH**

► **Government watchdog calls for changes to the federal oil and gas royalty system.** On December 15, the U.S. Government Accountability Office (GAO) said, “Congress and the Interior Department should consider changes to the U.S. oil and gas royalty payment system to safeguard federal revenues.” The GAO is urging a change “to reduce the period companies have to adjust payments, emphasizing that a shorter adjustment window would help ensure that the U.S. government receives all the money it is owed.” [Read more.](#)

## LEGISLATIVE SESSION OVERVIEW

### States in Session



**Session Notes:** Seven states are currently in regular session. The **U.S. Congress** is also in session.

**Pennsylvania** adjourned its 2025 legislative session on December 17, although bills may be carried over into the 2026 term.

The following states are scheduled to convene for the 2026 legislative session on the dates provided: **California** and **Ohio** (January 5); **Kentucky, Mississippi, Pennsylvania, Rhode Island, U.S. Congress** and **Vermont** (January 6); **Maine, Massachusetts, Missouri, Nebraska, New Hampshire** and **New York** (January 7); **Arizona, Georgia, Idaho, Iowa, Kansas** and **Washington** (January 12); **Alabama, Delaware, Florida, New Jersey, South Carolina, South Dakota, Tennessee** and **Wisconsin** (January 13) and **Colorado, Illinois, Maryland, Michigan, Virginia** and **West Virginia** (January 14).

The following states are currently holding 2025 interim committee hearings and posting interim studies: [Alabama](#), [Arizona](#), [Arkansas](#), [California Assembly](#) and [Senate](#), [Colorado](#), [Connecticut](#), [Delaware](#), [Florida House](#) and [Senate](#), [Georgia](#), [Hawaii](#), [Idaho](#), [Iowa](#), [Kansas](#), [Kentucky](#), [Maine](#), [Maryland](#), [Minnesota](#), [Mississippi House](#) and [Senate](#), [Missouri](#), [Montana](#), [Nebraska](#), [Nevada](#), [New Hampshire House](#) and [Senate](#), [New Mexico](#), [New York Assembly](#) and [Senate](#), [North Dakota](#), [Oklahoma](#), [Oregon](#), [Rhode Island](#), [South Carolina](#), [South](#)

[Dakota](#), [Tennessee](#), [Utah](#), [Vermont](#), [Virginia](#), [Washington](#), [West Virginia](#) and [Wyoming](#).

The following states are currently posting pre-files or bill drafts for the 2026 legislative session: [Alabama](#), [Arizona](#), [Florida](#), [Iowa](#), [Kansas House](#) and [Senate](#), [Maine](#), [Missouri House](#) and [Senate](#), [New Hampshire](#), [Oklahoma](#), [South Carolina](#), [Tennessee](#), [Utah](#), [Virginia](#), [Washington](#) and [Wyoming](#). ■

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