

GOVERNMENTAL AFFAIRS REPORT



Following are key election results in the race for President and the U.S. Congress, as well as relevant governors' races, state legislature results, and ballot measures called at the time of this report.

Race for President: Former President Donald J. Trump has been reelected as the 47th president, becoming only the second president in U.S. history to win non-consecutive terms. (President Grover Cleveland served two stints in the White House from 1885-1889 and 1893-1897.) At press, the former president racked up 312 electoral votes and also clinched the popular vote against his Democratic opponent Vice President Kamala Harris. While the vote totals are well below the 2020 presidential election, this is the first time since 2004 that a Republican candidate won both the electoral college and popular vote. Trump secured his victory in no small part by clinching vital battleground states such as Arizona, Georgia, Michigan, North Carolina, Pennsylvania, and Wisconsin. At press, Nevada was not yet called but appeared to be another pickup for the former president. Regarding AAPL, during the campaign Trump promised the “most aggressive regulatory reduction” in the country’s history if he’s reelected. See the following section, **Energy Policies in Play**, for more insights on what a second Trump presidency – and Republican control of Congress – could mean for both traditional energy and renewables. [Read more.](#)

Key Governors Races: Numerous races were held for governors in key energy-producing states. In North Dakota, Republican Congressman Kelly Armstrong won the gubernatorial election against State Sen. Merrill Piepkorn in an open seat race vacated by incumbent Republican Gov. Doug Burgum who was term limited. In Montana, incumbent Republican Gov. Gianforte defeated businessman and author Ryan Busse. In Utah, incumbent Republic Gov. Spencer Cox defeated state Rep. Brian King. In Missouri, Republican Lieutenant Gov. Mike Kehoe defeated Crystal Quade, the outgoing state House Democratic minority leader. In Indiana, Republican U.S. Sen. Mike Braun defeated former Indiana Superintendent of Public Instruction Jennifer McCormick in an open seat race. Braun will replace Republican Gov. Eric Holcomb, who is term limited. In North Carolina, Democrat State Attorney General Josh Stein defeated the state’s lieutenant governor, Republican Mark Robinson in an open seat race. Democrat Gov. Roy Cooper was term limited. In West Virginia, Republican State Attorney General Patrick Morrisey defeated local politician Steve Williams in an open seat race to replace term limited Gov. Jim Justice (who won his race to take the open Senate seat held by Sen. Joe Manchin who did not seek reelection). [Read more.](#) For more, access a [State-by-State Governors Election Resource here.](#)

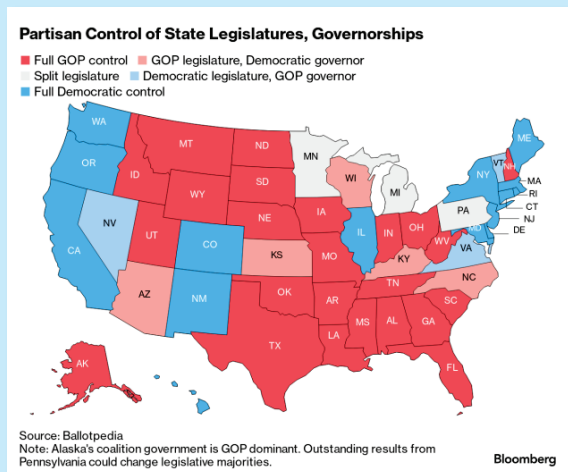
U.S. Senate Races: At the time of this report, Republicans have taken the majority in the U.S. Senate after flipping at least four seats to wrest control from the Democrats. In this election cycle, Democrats were protecting 23 Senate seats, more than double the number of Republicans who were defending 10 seats. [Read more.](#) To take the

majority, Republicans flipped four seats in key oil and gas producing states, Montana, Ohio, Pennsylvania, and West Virginia. In Montana, Navy SEAL Tim Sheehy ousted three-term Democratic Sen. John Tester, who had become increasingly unpopular in recent years in the conservative red state. In Ohio, Republican businessman Bernie Moreno swept the seat in a surprise win, ousting influential Democratic incumbent Sen. Sherrod Brown, ending his 32-year career in the Senate and House. In a surprise upset in Pennsylvania, Republican David McCormick, a former hedge fund CEO, narrowly defeated three-term Democratic incumbent Sen. Bob Casey. In West Virginia, popular governor Jim Justice handily won the open seat vacated by Sen. Joe Manchin, a longtime Democrat, and recently an Independent, who chose not to seek reelection this year. In Texas, Republican incumbent Sen. Ted Cruz beat Democratic challenger Colin Allred by more than one million votes. In Arizona, Democratic Arizona Rep. Ruben Gallego, an Iraq War veteran, beat well-known former television news anchor Kari Lake in the open seat race after Independent (and former Democrat) Sen. Kyrsten Sinema did not seek reelection. In Nevada, incumbent two-term Democratic Sen. Jacky Rosen has defeated Republican Sam Brown, a retired Army captain. In Utah, Republicans held the seat vacated by Sen. Mitt Romney who did not seek reelection. In that race, Congressman John Curtis defeated his Democratic opponent Caroline Gleich by 30 points. In Wisconsin, Democratic incumbent Sen. Tammy Baldwin narrowly beat Republican challenger, businessman Eric Hovde. The following key Senate race was not yet called at the time of this report: In Michigan, Democratic U.S. Rep. Elissa Slotkin holds a slim lead and looks likely to edge out Republican former congressman Mike Rogers in the battle for an open seat vacated by Democratic Sen. Debbie Stabenow who opted not to seek re-election. [Read more.](#)

U.S. House of Representatives Races: At the time of this report, news outlets are projecting that Republicans should retain control of the House, although no official calls have yet been made as a number of races are still being tabulated. The latest numbers show the GOP with 211 seats, and 218 seats are needed for the majority. As reported by *Bloomberg*, House Speaker Mike Johnson (R-LA) is expecting to retain his position. In a letter to colleagues, Johnson “outlined his plans amid the Republican victory lap over strong performances that delivered the Senate and White House.” Johnson pointed to priorities in the next Congress that include immigration reform, tax incentives to bolster investments, and more favorable energy policies. Until then, Congress will be back in session to begin work on its lame duck agenda, which includes addressing the short-term government funding that’s set to expire. [Read more.](#)

State Races: As reported by the National Conference of State Legislatures, “What’s remarkable at this point is that, in terms of party control changes, it was yet another low-change cycle.” [Read more.](#) “Before the election, the GOP controlled 57 state legislative chambers, while Democrats controlled 41 (Nebraska’s unicameral legislature is nonpartisan).” As present, many legislative races are still too close to call, but there are some notable results coming in as follows. [Read more.](#) In Michigan, Republicans flipped the state House ending Democratic trifecta control over the legislature and governor’s office. [Read more.](#) In Pennsylvania, Democrats are trying to keep hold of a slim majority in the House. Republicans already hold the majority in the Senate. Also in Pennsylvania, York County District Attorney Dave Sunday, a Republican, defeated former state Auditor General Eugene DePasquale in the race for state attorney general. The race for the open seat, formerly controlled by Democratic Attorney General Michelle Henry, came after Henry did not seek reelection after being appointed to fill the last two years of now-Gov. Josh Shapiro’s term as attorney general.

[Read more.](#) At press, “Republicans were poised to expand their majority in the Texas House [...] and appeared on track to flip two seats in historically Democratic districts as South Texas.” This would give the GOP control of 87 of 150 seats in the Texas state House. [Read more.](#) Overall, Republicans picked up two new state House seats and a state Senate seat from Democrats, and overall, the legislature will welcome 26 new Republican lawmakers. [Read more.](#) In the race for the Texas Railroad Commission, incumbent Chairman Christi Craddick (R) “handily won reelection to a third term on the three-person commission, which oversees the state’s oil and gas industry,” as reported by the *Midland Reporter-Telegram*. [Read more.](#)



Energy Policies in Play: With the GOP takeover of the White House, U.S. Senate, and most likely retaining control of the U.S. House of Representatives, energy policy is expected to be front and center following Trump’s inauguration in January 2025. [Read more.](#) As widely reported, Trump and Republicans have campaigned on rolling back burdensome and costly climate, tax, and environmental regulations that have hamstrung the traditional energy industry throughout President Biden’s term. While we all await specific policies, industry stakeholders expect to see beneficial tax treatment for the oil and gas industry made part of a larger tax package Trump will be moving through Congress in his first year in office. President Trump

is also expected to immediately issue multiple executive orders rolling back many of President Biden’s policies to promote a pro-growth energy economy. And either through executive order, regulation or legislation, the industry can expect a Trump administration to lift many of the reporting and disclosure requirements imposed on oil and gas producers in recent years. [Read more.](#) Moreover, according to Rystad Energy’s chief economist and global director of market analysis, Claudio Galimberti, “A Trump administration could end up with more oil produced in the United States because they would, for instance, free up land for drilling’ on public lands, he said, adding that there could also be more fiscal incentives or lower fees for drilling.” [Read more.](#) The American Petroleum Institute President and Chief Executive Mike Sommers said, “Energy was on the ballot, and voters sent a clear signal that they want choices, not mandates, and an all-of-the-above approach that harnesses our nation’s resources and builds on the successes of his first term.” [Read more.](#)

Key Ballot Measures: In Louisiana, voters approved [Constitutional Amendment 1](#), which requires the federal revenue received from alternative and renewable energy production in the Outer Continental Shelf (OCS) to be deposited in the Coastal Protection and Restoration Fund. [Read more.](#) In New Mexico, voters approved Bond Question 3, to authorize the issuance of “\$230 million in bonds for public higher education institutions, special public schools and tribal schools.” [Read more.](#) North Dakota voters rejected Measure 4 that would have eliminated state and local property taxes. [Read more.](#) In South Dakota, voters rejected [Referred Law 21](#), that would have authorized “counties to impose, for any tax year in which the pipeline operator receives a tax credit, a \$1.00 per foot surcharge on carbon dioxide pipelines.” Further, the law would have also imposed “certain requirements on carbon dioxide pipelines: pipelines must be installed to a minimum depth; each pipeline operator is responsible for damages to drain tile, and to the surface owner,

caused by the pipeline; each operator is also responsible for leaks or failures of the pipeline; and any land agent acting on behalf of the pipeline must be a pipeline employee, State resident, or State licensed real estate agent. The Act also includes requirements that carbon pipeline easements be in writing, and only enforceable for a specified period of time; pipeline operators must initiate business operations within five years of the easement; and each easement is void after five years of nonuse.” The law also would have established a Landowner Bill of Rights. [Read more](#). The ballot measure encompassed state [Senate Bill 201](#) that was enacted in March 2024 but opponents gathered “more than 31,000 petition signatures to refer it to voters.” [Read more](#). In Washington state, voters approved [Initiative 2066](#), a measure that restricts local governments, and the state’s energy code, from prohibiting, penalizing, or discouraging the use of gas. It would prevent the Washington Utilities and Transportation Commission from incentivizing a gas company or large combination utility to terminate natural gas service to customers or authorizing a gas company or large combination utility to require a customer to involuntarily switch fuel use either by restricting access to natural gas service or by implementing planning requirements that would make access to natural gas service cost-prohibitive. However, Washington state voters rejected a ballot measure, [Initiative 2117](#), that would have repealed the state’s 2021 law, known as the Climate Commitment Act, “which established the state’s cap and invest program to reduce greenhouse gas emissions.” The measure also would have barred “state agencies from imposing any type of program involving the trading of carbon tax credits.” As reported by the *Washington State Standard*, “The Climate Commitment Act is arguably the state’s most ambitious policy for curbing greenhouse gas emissions by putting a price on pollution. The law sets annual emission limits for major emitters, such as oil refiners and utilities, and requires them to buy allowances at state auctions for each metric ton of their air pollution. Over time, the limits are lowered to compel polluters to curb their emissions. The

program started on Jan. 1, 2023, and the first emissions allowance auction was held on Feb. 28, 2023.” A third Washington state ballot measure, [Initiative 2109](#), failed to pass and would have repealed the 7% capital gains tax for individuals with annual gains of more than \$250,000. [Read more](#).

For a deeper look at a state-by-state survey of the 2024 ballot initiatives, see the [AAPL Ballot Measures Report here](#).

Please note, the above election roundup is just the beginning of ongoing member-exclusive content we will be providing AAPL members in the coming weeks and months as key races are called and legislative and regulatory policies begin to take shape. Stay tuned!

For more election data and analysis, see the [AAPL 2024 Election Results Report here](#).

FEDERAL – Regulatory

BLM Coastal Plain Oil and Gas Program – Alaska.

On November 6, the Bureau of Land Management (BLM) and the U.S. Fish and Wildlife Service (FWS) announced the release of their “final [Coastal Plain Oil and Gas Leasing Program Supplemental Environmental Impact Statement](#) (SEIS), which analyzed a lease sale mandated by Congress in the Tax Cuts and Jobs Act of 2017 (Tax Act) for the nearly 1.6-million-acre Coastal Plain of the Arctic National Wildlife Refuge.” (See [89 Fed. Reg. 88805](#)) “The agencies consulted with Alaska Native Tribes and Corporations and engaged with a wide variety of other stakeholders to develop the analysis, using the best available data and science, and identified a preferred alternative in the SEIS that avoids sensitive polar bear dens.” As noted by the BLM, “Of the nine leases sold during the previous Administration’s sale, two were canceled and refunded at the request of the lessees and the remaining seven were cancelled by Secretary Haaland due to the multiple legal deficiencies

in the underlying record. There are currently no existing leases in the Coastal Plain.” Per the announcement, “The final SEIS identifies the lands available for lease and the terms and conditions to be applied to leases and authorizations under this program. The next steps in this process will be the issuance of a Record of Decision no less than 30 days after notice of the SEIS is published in the Federal Register, and the offering of a second lease sale. Any permits or authorizations for specific on-the-ground activities on lands obtained through the lease sale would require additional review through the NEPA process.” [Read more.](#)

BLM Sage-Grouse Land Use Amendments. On November 8, the BLM announced a Proposed Resource Management Plan Amendment and Final Environmental Impact Statement Availability regarding Sage-Grouse Land Use Plan Amendments. According to the BLM, the agency “is amending specific greater sage-grouse goals, objectives and management from previous planning efforts in 77 resource management plans across ten western states (California, Colorado, Idaho, Montana, Nevada, North Dakota, Oregon, South Dakota, Utah, and Wyoming). These changes are to enhance greater sage-grouse conservation through management of sagebrush habitats on BLM-managed lands. This effort builds on the 2015 and 2019 greater sage-grouse planning efforts and is focused on changing those actions and decisions for which additional scientific information has emerged, or which will enhance conservation while allowing for continued multiple use on BLM-managed lands.” [Read more.](#) However, as reported by *Bloomberg*, “It’s unclear whether the BLM will follow through on its plan to issue a final decision and what its fate will be after the Trump administration takes office in January.”

FEDERAL – Judicial

Electricity Transmission Lines – Texas. On October 28, a federal court in Texas ruled that a “Texas law that restricts the building and operation of new transmission lines to companies already running such facilities in the state unconstitutionally discriminates against out-of-state energy providers.” In [NextEra Energy Capital Holdings, Inc. v. Jackson](#) (Case No. 1:19-cv-00626-RP), the U.S.

District Court for the Western District of Texas (Austin) held in favor of out-of-state power companies in finding that a 2019 Texas state law, [SB 1938](#), “violated the U.S. Constitution’s Commerce Clause by interfering with interstate commerce.” As reported by *Reuters*, “That law had restricted the ability of power companies that did not own transmission facilities in Texas from obtaining approval from the Public Utility Commission of Texas to build lines that would be part of multistate electricity grids. Before the law’s enactment the commission had declared that utilities without any presence in the state could construct transmission lines in territory covered by two regional electric grid operators that cover areas inside and outside of Texas.” [Read more.](#) The court concluded “that SB 1938 does not advance a legitimate local purpose that cannot be adequately served by reasonable nondiscriminatory alternatives.” The court added that “No other state completely bars out-of-state entrants or allows an incumbent to designate its replacement if it declines a project.” The ruling does not strike down all of SB 1938, but rather the section “that gives state utilities the ‘right of first refusal’ for building new electrical transmission lines.” [Read more.](#)

STATE – Legislative

State Royalty Rate Increases – New Mexico.

On October 28, Greg Bloom, Assistant Commissioner of Mineral Resources in the New Mexico State Land Office, appeared before the New Mexico Legislature’s Water & Natural Resources Committee interim meeting calling for an increase in oil and gas royalty rates. [Access Bloom’s presentation to the committee here.](#) Specifically, Bloom said that “In the 2025 legislative session the State Land Office will seek to increase its maximum-allowable royalty rate on new oil and gas leases from 20% to 25%.” Further, the proposal will not affect existing leases and echoing State Land Commissioner Stephanie Garcia Richard, said the 25% rate will not apply to all leases, only “the best tracts.” This will be the fourth attempt in recent years to press the legislature to pass the royalty change, which has been unsuccessful each time. As reported by the *Sante Fe New Mexican*, Bloom called the current rate “antiquated,” and “is falling behind the rates on state and private land in Texas as well as private land rates in

New Mexico.” And “Increasing rates for the best tracts is anticipated to increase state revenues by a billion dollars in a 25-year period, including providing additional millions for the State Land Office and the Legislative Finance Committee and adding between \$1.5 billion and \$2 billion to the Land Grant Permanent Fund — which helps fund education needs — by 2050.” But as the reporting notes, “Currently, about 99% of the land likely to include high-value tracts has already been leased.” [Read more.](#)

Oil and Gas Setback Study – New Mexico. As reported by *Reuters* on October 25, “A top economist for the state of New Mexico, the second-largest oil-producer in the U.S., this week released a study on potential drilling restrictions that could hit up to 5.4% of its future crude output and result in billions of dollars in lost revenue. The study evaluated setback proposals from the 2024 legislative session, which would restrict how close operators can drill to certain structures and environmental areas. They are intended to protect the public from oil and gas pollution.” [Read more about the study here.](#) The study, which was prepared for the [New Mexico Legislative Finance Committee](#), has been criticized by industry groups opposed to setback measures. “A statewide setback would not accomplish increased mitigation of human health effects from oil and gas production, but it would be a detriment to the continued development of oil and gas resources and, ultimately, the State of New Mexico,” said Missi Currier, chief executive officer of the New Mexico Oil & Gas Association. [Read more.](#)

For all 600+ bills AAPL is currently monitoring and tracking for members, please see the continuously updated member-exclusive AAPL Governmental Affairs Bill Tracking Summary spreadsheet, available through the AAPLConnect LANDNEWS and Governmental Affairs Network member forums [here](#) or on the AAPL website [here](#).

STATE – Regulatory

RRC Digital Oil and Gas Records – Texas. On October 29, the Texas Railroad Commission (RRC) announced that with “more than 15 million records

digitized in the past year, the Railroad Commission of Texas now has 83.4 million oil and gas records that can be searched and viewed online from anywhere in the world.” According to Danny Sorrells, RRC Deputy Executive Director, “Putting millions and millions of oil and gas records online is a win-win for the public and the agency. Not only does it give the public easy access to historical information dating back almost 100 years, but our staff can now devote the time they would have spent tracking those records for the public for other tasks at the agency.” [Read more.](#)

STATE – Judicial

Partition by Sale; Mineral Interests – Texas.

Recently, in [Warren v. Thornberry](#) (Case No. 10-22-00266-CV), the Texas Tenth Court of Appeals reversed a trial court order granting a partition in kind regarding certain property in Walker County because the parties seeking the partition failed to include a mineral interest owner. The court noted that under Texas law, “If any owner is not joined in the case, the trial court’s judgment will be reversed, even if no objection was made, because the judgment is not only unenforceable against that owner, it is unenforceable as to all other owners as well.” [Read more.](#)

INDUSTRY NEWS FLASH

► **OPEC+ extends oil production cuts through the end of 2024.** On November 4, OPEC+ nations agreed to extend oil production cuts through the end of 2024. As reported by *The Hill*, “Though the cartel did not identify a reason for the extension, the cuts are widely viewed as an effort by the bloc to shore up the market amid a period of increased supply and weaker demand.” For background, “OPEC previously announced in June that the cuts would be extended through September with a plan to gradually return to previous output levels by next September.” [Read more.](#)

