

# GOVERNMENTAL AFFAIRS REPORT

## Highlights At-A-Glance

### FEDERAL – Legislative

**H.R. 1 – Energy Bill Package.** On March 15, official bill text was made available for [H.R. 1](#). Originally announced by House Speaker Kevin McCarthy (R-CA) and sponsored by House Majority Leader Steve Scalise (R-LA), the Lower Energy Costs Act is a comprehensive package of separate energy bills rolled into a single 200+ page piece of legislation. The package of energy measures “focuses on two main priorities: increasing the production and export of American energy and reducing the regulatory burdens that make it harder to build American infrastructure and grow our economy.” [Read more.](#) According to Speaker McCarthy, “Policies that will be included in the energy package can be broken down into several broad categories: Increasing American Energy Production; Increasing the Production and Processing of Critical Minerals; Streamlining Energy Infrastructure and Exports; Broad Permitting Reform; and Government Accountability.” Key provisions include: reducing the royalty rate companies that drill offshore need to pay to the government from at least 16.67 percent down to 12.5 percent; limit the president’s authority to block cross-border energy projects like the Keystone XL pipeline; make it easier to sell U.S. liquefied natural gas abroad by getting rid of the need for Energy Department approval for export applications for countries where the U.S. doesn’t have a free trade agreement; Regarding permitting, set two-year time limits for conducting a more-stringent type of environmental review known as an environmental impact statement for major projects. These reviews would also be limited to 150 pages, except for extraordinarily complex projects, where the reviews would have a 300-page maximum. Regarding repealing Inflation Reduction Act programs, the package would eliminate a program that aims to reduce planet-warming methane emissions from the

oil and gas sector by both providing grants and loans to help companies cut emissions and also issuing fines on excess emissions; and eliminate funds given to the Environmental Protection Agency that would seek to spur funding for climate-friendly projects. [Read a summary of key provisions here.](#) However, on March 15, Senate Majority Leader Chuck Schumer (D-NY) said the House bill is “dead on arrival” in the Senate. We will continue to watch any developments which includes the House Committee on Rules announcing it may meet the week of March 27th to provide for floor consideration of the bill and any amendments to the legislation. [Read more.](#)

**H.R. 1335 – Transparency, Accountability, Permitting, and Production of American Resources Act.** On March 6, official bill text was made available for [H.R. 1335](#), known as the Transparency, Accountability, Permitting, and Production of American Resources Act or the TAPP American Resources Act. Sponsored by House Natural Resources Committee Chairman Rep. Bruce Westerman (R-AR), the bill would “restart onshore and offshore oil, gas, and coal leasing, streamline permitting for energy infrastructure, [and] ensure transparency in energy development on Federal lands.” According to Rep. Westerman, “The TAPP American Resources Act incentivizes a true all-of-the-above energy strategy that fixes broken systems and clears permitting logjams.” The legislation includes 14 key provisions. [Read more.](#)

**H.R. 1483 – End Oil and Gas Tax Subsidies Act of 2023.** On March 8, Rep. Earl Blumenauer (D-OR) introduced [H.R. 1483](#), known as the End Oil and Gas Tax Subsidies Act of 2023. The bill would amend the Internal Revenue Code regarding multiple oil and gas provisions, including: “Increasing the amortization period for geological and geophysical expenditures

from two years to seven years; Repealing the Section 45l tax credit for producing oil and gas from marginal wells and the Section 43 tax credit for enhanced oil recovery; Repealing the Section 263(c) tax deduction for the intangible drilling and development costs of oil and gas wells; Repealing percentage depletion in Section 613A; Repealing the Section 193 tax deduction for tertiary injectant expenses; Repealing the exception to passive loss limitations for working interests in oil and gas property; Disallowing the Section 199A tax deduction for income attributable to domestic production activities for oil and gas activities; Prohibiting the use of the last-in, first-out (LIFO) accounting method by major integrated oil companies; Limiting the foreign tax credit for dual capacity taxpayers who receive specific economic benefits from foreign countries or U.S. possessions;” and closing a tar sands tax loophole. The bill has a low likelihood of advancing in the Republican-led House. [Read a complete bill summary here.](#)

**H.R. 1443 – Florida Coastal Protection Act.** On March 8, Rep. Kathy Castor (D-FL) introduced [H.R. 1443](#), known as the Florida Coastal Protection Act. The bill would “make permanent the current drilling moratorium off the coast of Florida.” According to Rep. Castor, the measure “would protect all of Florida’s coastlines from future catastrophic oil spills by permanently banning oil and gas drilling approximately 235 miles off of Florida’s Gulf Coast, approximately 275 miles off Florida’s Atlantic Coast and in the Straits of Florida.” Former President Trump already issued an executive order preventing drilling off Florida through July 2032, but “it can be reversed by another executive order.” [Read more.](#)

**H.R. 1172 – California Clean Coast Act of 2023.** On March 14, official bill text was made available for [H.R. 1172](#), known as the California Clean Coast Act of 2023. Sponsored by Rep. Salud Carbajal (D-CA), the bill would “permanently prohibit oil and gas leasing off the coast of the State of California.” The bill has a low likelihood of advancing in the Republican-led House. [Read more.](#)

**H.R. 1115 – Promoting Interagency Coordination**

**for Review of Natural Gas Pipelines Act.** On March 15, official bill text was made available for H.R. 1115, known as the Promoting Interagency Coordination for Review of Natural Gas Pipelines Act. Sponsored by Rep. Michael Burgess (R-TX), the bill would “provide for Federal and State agency coordination in the approval of certain authorizations under the Natural Gas Act” to promote more efficient and streamlined reviews for natural gas pipeline infrastructure by strengthening the Federal Energy Regulatory Commission’s lead role as it relates to the National Environmental Policy Act review process. [Read more.](#)

**H.R. 956 – No Drilling in the North Atlantic Act of 2023.** On March 13, official bill text was made available for H.R. 956, known as the No Drilling in the North Atlantic Act of 2023. Sponsored by Rep. Christopher Smith (R-NJ), the bill would “prohibit oil and gas exploration, development, and production in the North Atlantic Planning Area of the Outer Continental Shelf.” [Read more.](#)

**H.Con.Res. 17 – Petroleum Exports.** On March 8, official bill text was made available for H.Con.Res. 17. Sponsored by Rep. Brett Guthrie (R-KY), the resolution expresses “the sense of Congress that the Federal Government should not impose any restrictions on the export of crude oil or other petroleum products.” [Read more.](#)

**S. 38 – Natural Gas Export Expansion Act.** On March 9, official bill text was made available for [S. 38](#), known as the Natural Gas Export Expansion Act. Sponsored by Sen. Ted Cruz (R-TX), the bill would “amend the Natural Gas Act to provide for expanded natural gas exports.” Specifically, the bill “would expedite the federal approval process for exporting liquefied natural gas (LNG) and increase free trade, particularly as European countries are rapidly seeking new sources of clean, reliable energy.” According to Sen. Cruz, “in addition to creating and supporting thousands of domestic jobs, this legislation would help to fortify our nation’s energy security, reduce emissions at home and abroad, and strengthen America’s strategic and economic relationship with our allies.” [Read more.](#)

**S. 542 – CCU Parity Act of 2023.** On March 10, official bill text was made available for [S. 542](#), known as the CCU Parity Act of 2023. This bipartisan bill, sponsored by Sen. Sheldon Whitehouse (D-RI) and Sen. Bill Cassidy (R-LA), would “amend the Internal Revenue Code of 1986 to increase the applicable dollar amount for qualified carbon oxide which is captured and utilized for purposes of the carbon oxide sequestration credit.” Specifically, the bill “would increase the tax credit for carbon capture and utilization to match the incentives for carbon capture and sequestration for both direct air capture and the power and industrial sectors.” According to Sen. Whitehouse, the bill is “intended to create parity between the credit value for utilization and sequestration in the 45Q carbon capture tax credit.” [Read more.](#)

**House Oversight and Accountability Committee Hearing.** On March 8, the House Committee on Oversight and Accountability held a hearing, *Burning the Midnight Oil: Why Depleting the Strategic Petroleum Reserve is Not a Solution to America’s Energy Problem, Part I*. Witnesses included Alex Epstein, President of the Center for Industrial Progress. You may [access a full video recording of the hearing and witness testimony here.](#)

**Senate Lawmakers Letter to U.S. Treasury Secretary Regarding Domestic Energy Production.** On March 16, a group of Republican senators delivered a letter to U.S. Treasury Secretary Janet Yellen, writing “with grave concern regarding the administration’s continued hostility towards American energy production.” [Read the letter here.](#) The group challenges the Biden administration’s \$6.8 trillion budget proposal that seeks to increase taxes and costs on American energy producers. Although the budget is reportedly dead-on-arrival in the Republican-led House, the group stresses, “These crushing tax proposals, paired with the administration’s heavy handed regulations and mandates, would threaten American families’ access to affordable and reliable energy, while giving our adversaries the upper-hand in the global energy markets.” [Read more.](#)

## **FEDERAL – Regulatory**

**BLM Resource Advisory Council Meeting – Alaska.** On March 15, the Bureau of Land Management (BLM) announced the Alaska Resource Advisory Council (RAC) will hold a hybrid public meeting, offering in-person and virtual attendance options, on May 24, 2023 and will also accept public comments. Per the BLM, “The Alaska RAC advises the Secretary of the Interior, through the BLM, on a variety of planning and management issues associated with BLM-managed public lands in Alaska.” RAC meetings are open to the public. [Read more.](#)

**BLM Resource Advisory Council Meeting – Southern New Mexico.** On March 14, the BLM announced the Southern New Mexico Resource Advisory Council (RAC) will host a meeting on March 29, 2023. The public is invited to attend and comment at the meeting. Both in-person and virtual participation options will be available. Per the BLM, “The 12-member Southern New Mexico RAC provides advice and recommendations to BLM on resource and land management issues within BLM Socorro Field Office and Pecos and Las Cruces District Offices. RAC members are citizens who represent varied public land interests.” [Read more.](#)

**BLM Oil and Gas Lease Sale – Louisiana; Michigan.** On March 10, the BLM Eastern States Office “released two environmental assessments analyzing an oil and gas parcel in Michigan totaling 40 acres and three parcels in Louisiana totaling 88.81 acres for proposed lease sales that would be held in June 2023. The BLM completed scoping on these parcels in January 2023 and is now initiating a 30-day public comment period on the environmental assessments, parcels, and potential deferrals. The public comment period closes April 9, 2023.” [Read more.](#)

**BLM Oil and Gas Lease Sale – North Dakota.** On March 10, the BLM Montana-Dakotas State Office “released an environmental assessment analyzing 51 parcels (20,722.22 acres) for the proposed June 2023 Competitive Oil and Gas Lease Sale. These include 12 parcels located within Billings County, North

Dakota (4,880.04 acres), one parcel located within Golden Valley County, North Dakota (636.96 acres), 22 parcels located within McKenzie County, North Dakota (6,482.44 acres), three parcels located within Mountrail County, North Dakota (945.12 acres), and 13 parcels located within Slope County, North Dakota (7,777.66 acres). The release of this environmental assessment starts a 30-day public comment period, which will end April 10, 2023." [Read more.](#)

**BLM Oil and Gas Lease Sale – Wyoming.** On March 10, the BLM “released an environmental assessment analyzing 115 oil and gas parcels totaling approximately 95,419 acres for a proposed lease sale that would be held in September 2023. The release of this environmental assessment starts a 30-day public comment period, which will end April 7, 2023.” Per the BLM, they “will use input from the public to help complete its review of each parcel and determine if leasing of these parcels conforms with all applicable laws, policies, and land use plans.” [Read more.](#)

**BLM Greater Sage-Grouse – Nevada.** On March 10, the BLM Wells Field Office invited “public review and comment of the Preliminary Environmental Assessment (PEA) for the proposed treatments and improvements to the greater sage-grouse habitat in Northeastern Nevada.” The announcement opens up a 30-day public comment period closing on April 11, 2023. “The need for the project is identified as conservation, enhancement, and protection of sagebrush ecosystems within the O’Neil PPA, and is vital to the protection and future success of our greater sage grouse populations,” said Melanie Mitchell, Wells Field Office Manager. [Read more.](#)

**President Biden Approves Willow Project – Alaska.** Last week, the Biden administration approved the ConocoPhillips oil development project on Alaska’s North Slope, although the administration “said it is adding new environmental protections to limit future oil development in several areas of the National Petroleum Reserve-Alaska.” [Read more.](#) While many environmental activist groups tried to stop the Willow Project, once completed it “is expected to be one of the largest oil fields developed in Alaska in decades.

It would produce oil for three decades, including 180,000 barrels of oil daily at its peak.” As reported, “The administration approved three drill sites, which ConocoPhillips has said is economically viable. The approval is a reduction of the five drill sites that ConocoPhillips had originally sought, though the company said Monday that it’s pleased with the approval.” [Read more.](#) With the announcement also came a memorandum from President Biden, “Withdrawal of Certain Areas off the United States Arctic Coast of the Outer Continental Shelf from Oil or Gas Leasing.” The withdrawal as “directed by this memorandum prevents consideration of withdrawn areas for any future oil or gas leasing for purposes of exploration, development, or production.” [Read the memorandum here.](#)

**Department of Energy Clean Hydrogen Technologies Funding.** On March 15, the Department of Energy (DOE) announced the availability of \$750 million for the advancement of clean hydrogen technologies funding. According to the DOE, “This funding—the first phase of the \$1.5 billion in President Biden’s Bipartisan Infrastructure Law dedicated to advancing electrolysis technologies and improving manufacturing and recycling capabilities — is a crucial component of the Administration’s comprehensive approach to accelerating the widespread use of clean hydrogen and will play a vital role in achieving commercial-scale hydrogen deployment this decade. Produced with net-zero carbon emissions, clean hydrogen is a key pillar in the emerging clean energy economy and will be essential for reaching the President’s goal of a 100% clean electrical grid by 2035 and net-zero carbon emissions by 2050.” [Read more.](#)

**Department of Energy Decarbonization Funding Opportunities.** *(Update to 3/6/23 Report)* On March 8, the “Department of Energy (DOE) announced approximately \$6 billion in funding to accelerate decarbonization projects in energy intensive industries and provide American manufacturers a competitive advantage. Funded by the Bipartisan Infrastructure Law (BIL) and Inflation Reduction Act (IRA), the Industrial Demonstrations Program will focus on

revolutionizing energy intensive industrial processes with the highest emissions, where decarbonization technologies will have the greatest impact.” For more information, [access the DOE Funding Opportunity Exchange here](#). Potential opportunities for decarbonization funding include “carbon capture and novel utilization for captured carbon.” [Read more](#).

#### **EPA Carbon Capture and Sequestration**

**Approvals.** On March 14, a group of industry representatives [sent a letter to U.S. Environmental Protection Agency \(EPA\) Administrator Michael Regan](#), calling for the expedition of applications from states to obtain primacy over Class VI injection wells. As noted, “With the vast majority of new carbon capture and storage (CCS) projects looking toward permanent injection rather than enhanced oil recovery, Class VI well permits are expected to get backed up going through the EPA.” The letter writers added that “We appreciate the Biden-Harris Administration’s public declarations and funding commitments to support the growing CCS industry. Now, it is time to put those words into action, beginning with the expeditious approval of state primacy applications for Class VI injection wells.” As reported, “States that gain primacy over Class VI wells will be able to have their own regulatory agencies take on permit applications. Currently, only North Dakota and Wyoming have state primacy over Class VI wells.” [Read more](#).

**U.S. Fish and Wildlife Service Pipeline Approval – Virginia; West Virginia.** As reported by the *Oil & Gas Journal*, the U.S. Fish and Wildlife Service has approved the construction and operation of the Equitrans Midstream Corporation’s 303-mile Mountain Valley natural gas pipeline running through Virginia and West Virginia. [Read more](#). The agency found it “is not likely to jeopardize the continued existence’ of five particular species.” As reported, following Federal Energy Regulatory Commission approval, and pending receipt of necessary permits, “Mountain Valley is targeting the resumption of construction on the 2-bcfd pipeline in second-quarter 2023 and completing construction, including final right-of-way restoration, by end [of] 2023.” [Read more](#).

### **FEDERAL – Judicial**

**Surface Damage; Pore Space – South Dakota.** On January 27, in *Brown v. Continental Resources, Inc.* (Case No. 22-1230), the U.S. Court of Appeals, Eighth Circuit, on appeal from U.S. District Court for the District of South Dakota, ruled in favor of Continental regarding a suit for damages to the surface of the Browns’ land and Continental’s use of their pore space as it related to the operation of input wells. Regarding the surface damage claims, Continental argued that the Drilling and Pipeline Agreements released it from liability for the alleged harm. The Browns claimed that Continental’s trucking operation caused surface damage because the trucks used to move water to the well left a pasture unusable. While the agreements let Continental drive its trucks across the Browns’ land for oil and gas activities, “the Browns argue that the Agreements only contemplated oil extraction operations. Because the surface damage came from Continental’s input operations, the Browns insist that the Agreements did not release Continental from liability.” The court disagreed with that argument finding that the agreement terms were “plain and unambiguous” and provided for Continental to drive its trucks across the Browns’ land in connection with its input and oil recovery operations. Regarding the pore space claim, Continental argued “that the harm the Browns assert is not compensable under South Dakota law.” The court agreed, holding that “lost use” “is not one of the categories” contemplated by the applicable law. [Read more](#).

### **STATE – Legislative**

**Oil and Gas Amendments – Arkansas.** On March 6, HB 1549 was introduced by Rep. Rick Beck (R). The bill amends existing law concerning the calculation and distribution of royalty gas sold from a drilling unit following an integration order and the procedure for distributions to royalty owners. The bill also defines “proceeds.” [Read more](#).

**Oil and Gas Operations Water Use – Colorado.** On March 11, HB23-1242 was introduced by Rep. Andrew Boesenecker (D). The bill requires an oil and



gas operator in the state on or before January 31, 2024, and at least annually thereafter, to report information to the Colorado Oil and Gas Conservation Commission regarding the operator's use of water entering, utilized at, or exiting each of the operator's oil and gas locations. The bill also requires the Commission to adopt related rules and requires the Commission to report certain related information. [Read more.](#)

**Clean Energy Resources – Idaho.** *(Update to 2/20/23 Report)* On March 13, HB 96 was signed into law by Gov. Brad Little (R). Sponsored by the House Committee on Environment, Energy, and Technology (R), the bill amends “existing law to provide for the promotion and development of clean energy resources for declared purposes, to revise provisions regarding powers of the Idaho Energy Resources Authority, and to provide for clean energy generation projects.” The Act is effective July 1, 2023. [Read more.](#)

**Hydraulic Fracturing Tax Act – Illinois.** On March 7, HB 1143 advanced through committee amendments. Sponsored by Rep. Charles “Charlie” Meier (R), the bill amends the Illinois Hydraulic Fracturing Tax Act to provide “that moneys received under the Act shall be paid into the State Pensions Fund and shall be used only for the funding of the unfunded liabilities of the designated State-funded retirement systems.” [Read more.](#)

**County-Owned Property – Mississippi.** *(Update to 1/23/23 Report)* On March 14, SB 2312 was signed into law by Gov. Tate Reeves (R). Sponsored by Sen. Chris Johnson (R), the bill establishes a competitive bidding process with a right of first refusal for the lease or sale of county-owned property. [Read more.](#)

**Severance Tax – Mississippi.** *(Update to 1/23/23 Report)* On March 13, HB 383 was signed into law by Gov. Tate Reeves (R). Sponsored by Rep. Brent Powell (R), the bill “extend[s] the date of the repealers on those provisions that establish a temporarily reduced rate for the levy and assessment of severance taxes on the initial oil and natural gas produced from certain horizontally drilled wells and

horizontally drilled recompletion wells.” The Act has multiple effective dates. [Read more.](#)

**Business Equipment Tax Exemption – Montana.**

On March 13, HB 212 was signed into law by Gov. Greg Gianforte (R). The bill increases the tax exemption for business equipment. The Act provides multiple effective dates. [Read more.](#)

**State Renewable Energy Office – New Mexico.**

*(Update to 1/23/23 Report)* On March 16, HB 95 was signed into law by Gov. Michelle Lujan Grisham (D). Sponsored by Rep. Tara Lujan (D), the bill provides that the New Mexico Commissioner of Public Lands “shall establish and maintain a renewable energy office to advance the production and development of renewable energy.” [Read more.](#)

**Oil and Gas Regulation – North Dakota.** On March 15, HB 1062 was signed into law by Gov. Doug Burgum (R). Sponsored by the House Energy and Natural Resources Committee (R), the bill amends existing law “relating to updating position titles, clarification for mortgage insurance requirements, execution of instruments, and industrial commission powers.” The final bill was significantly scaled back from its [introduced version](#) which contained numerous provisions regarding the “regulation of oil and gas wells, service requirements, modernization of the notice requirement, updating position titles, clarification for mortgage insurance requirements, an exemption for specialized mill equipment, and flare mitigation.” As the bill provides no effective date, under North Dakota law it becomes effective on August 1, 2023. [Read more.](#)

**Water Permit Hearings – North Dakota.** On March 15, HB 1062 was signed into law by Gov. Doug Burgum (R). Sponsored by the House Energy and Natural Resources Committee (R), the bill provides for public hearings related to water permits. As the bill provides no effective date, under North Dakota law it becomes effective on August 1, 2023. [Read more.](#)

**Carbon Dioxide Underground Storage Permit Hearing Notices – North Dakota.** *(Update*

to 1/23/23 Report) On March 13, SB 2057 was signed into law by Gov. Doug Burgum (R). Sponsored by the Senate Energy and Natural Resources Committee (R), the bill amends the Carbon Dioxide Underground Storage law to make changes to the delivery of permit hearing notices. As the bill provides no effective date, under North Dakota law it becomes effective on August 1, 2023. [Read more.](#)

**Oil or Gas Well Site Regulatory Authority – North Dakota.** (Update to 1/23/23 Report) On March 13, SB 2058 was signed into law by Gov. Doug Burgum (R). Sponsored by the Senate Energy and Natural Resources Committee (R), the bill relates to the jurisdiction of the regulatory authority regarding “The location and operation of wellhead and lease equipment, oil and gas separators, emulsion treaters, boilers, electric generators, flares, newly constructed underground gathering pipelines, flare mitigation systems, and all other equipment located at or on an oil or gas well site or underground gathering pipeline facility.” As the bill provides no effective date, under North Dakota law it becomes effective on August 1, 2023. [Read more.](#)

**Well Plugging – North Dakota.** (Update to 1/23/23 Report) On March 13, SB 2059 was signed into law by Gov. Doug Burgum (R). Sponsored by the Senate Energy and Natural Resources Committee (R), the bill relates to the balance in the abandoned oil and gas well plugging and site reclamation fund and raises the amount from 50 to 100 million dollars. The Act is effective through June 30, 2027. [Read more.](#)

**State Leasing – Pennsylvania.** On March 7, HB 55 was introduced by Rep. Clint Owlett (R). The bill would “require the Department of Conservation and Natural Resources to establish a program to lease the subsurface rights under state lands for oil and gas development.” [Read more.](#)

**Sunset Law; Oil and Gas Regulation – Tennessee.** (Update to 2/20/23 Report) On March 6, SB 58 was signed into law by Gov. Bill Lee (R). Sponsored by Sen. Kerry Roberts (R), the Act extends the termination date of the Tennessee Board of Water

Quality, Oil, and Gas to June 30, 2028. Otherwise, under the Tennessee Governmental Entity Review Law, the board would terminate on June 30, 2023. [Read more.](#)

**Severance Tax Exemption – Texas.** On March 13, HB 591 passed committee. Sponsored by Rep. Giovanni Capriglione (R), regarding a tax exemption for on-site use of natural gas that would be normally vented or flared from an oil well, gas produced from a qualifying well that is consumed on the well site and would otherwise have been lawfully vented or flared would not be subject to the severance tax. [Read more.](#)

**Royalty Interest Taxation – Texas.** On March 13, HB 456 passed committee. Sponsored by Rep. Tom Craddick (R), the bill would exempt the value of royalty interests owned by charitable organizations from ad valorem taxation of real property. [Read more.](#)

#### **Mineral Lease Application Procedures**

**Amendments – Utah.** (Update to 2/6/23 Report) On March 14, Gov. Spencer Cox (R) signed HB 321 into law. Sponsored by Rep. Kay Christofferson (R), this mineral lease amendments bill “modifies mineral lease application procedures.” Specifically, the bill “introduces an online option for the disclosure of a mineral lease application; and modifies the deadline for disclosing an application.” As the bill provides no effective date, under Utah law it is effective 60 days following session adjournment on March 3, 2023. [Read more.](#)

**Great Salt Lake Amendments – Utah.** On March 14, Gov. Spencer Cox (R) signed HB 513 into law. Sponsored by Rep. Casey Snider (R), this Great Salt Lake amendments bill addresses management of the Great Salt Lake and related activities, and specifically “modifies provisions related to severance taxes; clarifies minerals with royalties going to the Great Salt Lake Account; addresses mineral leases or royalty agreements related to the Great Salt Lake; provides for royalties for certain elements and minerals; requires a study and reporting; defines terms; codifies legislative findings; modifies the Division of Forestry, Fire, and State Lands’

management responsibilities for the Great Salt Lake, including addressing rulemaking; establishes emergency management responsibilities and powers; addresses force majeure; and makes technical and conforming changes.” The Act has multiple effective dates. [Read more.](#)

#### **Office of Oil and Gas in the Department of Environmental Protection – West Virginia.**

*(Update to 2/20/23 Report)* On March 11, HB 3110 passed the Senate after passing the House in February. Sponsored by Del. Bill Anderson (R), “The purpose of this bill is to ensure that the WVDEP Office of Oil and Gas has sufficient money to inspect the oil and gas wells of the State of West Virginia in an efficacious and diligent manner that protects the people and environment of the State from degradation related to violations of the West Virginia oil and gas production laws.” The Senate Finance Committee amended the House version to set a \$1.2 million cap on funding that could be allocated annually from the severance tax-derived funding source for the state Department of Environmental Protection’s Office of Oil and Gas for regulation of the gas and oil industry. [Read more.](#)

#### **Oil and Gas Refinery Development – Wyoming.**

*(Update to 2/6/23 Report)* On March 2, SF 154 was signed into law by Gov. Mark Gordon (R). Sponsored by Sen. Edward Cooper (R), the bill supports “efforts to maintain and expand the mineral industry and the oil and gas industry in Wyoming through the development, construction and operation of mineral processing and concentration facilities and through constructing and facilitating the construction of oil and gas refineries and the expansion of existing oil and gas refineries in Wyoming.” The bill also provides the “authority may issue and have outstanding bonds to finance the construction or expansion of oil and gas refineries in Wyoming.” The Act takes immediate effect. [Read more.](#)

**State Land Lease Renewal; Compliance; Cure Process – Wyoming.** *(Update to 2/6/23 Report)* On March 9, HB 22 was signed into law by Gov. Mark Gordon (R). Sponsored by the Joint Committee

on Agriculture, State and Public Lands and Water Resources (R), the bill relates to the state land lease deficiencies cure process, “providing for notification of noncompliance in a state land lease renewal; providing opportunities for compliance; [and] conforming time frames for lessee compliance.” The Act is effective July 1, 2023. [Read more.](#)

**State Land Leases – Wyoming.** *(Update to 1/23/23 Report)* On March 11, HB 171 was signed into law by Gov. Mark Gordon (R). Sponsored by Rep. Andrew Byron (R), relating to state lands, the bill provides “When the office of state lands and investments initiates a request for a proposed leasing of state lands, the office shall require not less than thirty (30) days notice be provided: (i) On the website of the office of state lands and investments; (ii) In a newspaper of general circulation in the county or counties where the state lands are to be leased; and (iii) To current lessees of the state lands and owners of adjoining lands by certified mail.” The Act has multiple effective dates. [Read more.](#)

### **STATE – Regulatory**

#### **Oil and Gas Worker Transition Funding –**

**California.** In budget year 2023-2023 Gov. Gavin Newsom (D) included funding for displaced oil and gas workers, but his new 2023-2024 budget proposal has eliminated the program funding. As reported by the *Sacramento Bee*, “the oil and gas workforce displacement training and assistance programs established last year will not receive any funding under Newsom’s 2023-2024 budget proposal.” Although the budget is still in the proposal phase, it is unlikely that the funding will be added for the upcoming fiscal year even though the “governor has repeatedly pledged reassurance that impacted oil and gas workers would be supported throughout the energy transition.” [Read more.](#)

#### **COGCC Cumulative Impacts Report – Colorado.**

On March 3, the Colorado Oil & Gas Conservation Commission (COGCC) announced “the Director has delivered its ‘Report on the Evaluation of Cumulative Impacts,’ as required by SB 19-181 to regulate oil



and gas development in a manner that is protective of public health, safety, welfare, wildlife and environmental resources.” [Read more](#). According to the COGCC Director, “This report is intended to establish a baseline and inform the Commission of data, trends, and considerations in your ongoing evaluation and assessment of potential cumulative impacts consistent with SB 19-181.” [Access the complete report here](#).

**Oil & Gas Land Management Commission Meeting – Ohio.** (*Update to 2/6/23 Report*) On March 1, the Oil & Gas Land Management Commission of the Ohio Department of Natural Resources held their monthly meeting which included their ongoing agenda items related to Draft Commission Procedures, the Draft Land Nomination Form, and the Draft Notice of Nomination. To access the agenda items and draft documents, [Read more](#).

## **STATE – Judicial**

**Deed Interpretation; Mineral Interests – Texas.** On January 23, the Texas Court of Appeals, Eighth District (El Paso), in *Devon Energy Prod. Co., LP v. Enplat II, LLC* (Case No. 08-21-00217-CV), was “asked to construe the terms of a 1940 deed to determine whether the grantors reserved a 1/16th fixed royalty interest or a 1/16th non-executive mineral interest when conveying a particular tract of property.” The appellant group argued “the trial court erred in finding that the grantors intended to reserve a royalty interest and that the grantors’ intent was to instead reserve a mineral interest.” In its opinion, the court held that “Given the reservation’s use of terms traditionally associated with a mineral interest, we conclude that the first clause of the reservation was more akin to a mineral interest than a royalty interest [and] this conclusion is consistent with the remaining provisions in the deed and is the best way to harmonize the deed in a manner that accords meaning to all of its provisions.” Thus, the court agreed with the appellant group and reversed the trial court’s order remanding the case back to the trial court for further proceedings. [Read more](#).

## **INDUSTRY NEWS FLASH**

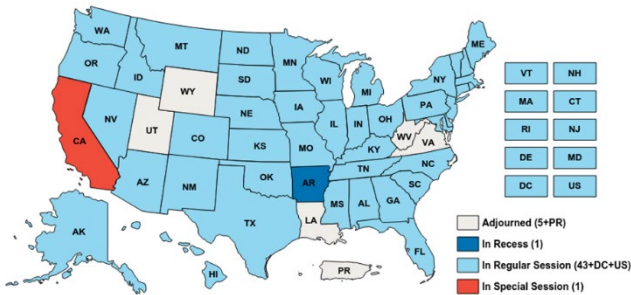
► **North Dakota Governor Touts Oil and Gas Importance.** On March 7, North Dakota Gov. Doug Burgum (R) “praised the oil and gas industry for being a ‘powerhouse’ and ‘game-changer’ for the state’s economy, and bashed the White House for trying to shift the country away from climate change-causing fossil fuels. Citing recent studies, the Republican governor said the industry contributed more than \$42 billion to the state’s economy in 2021, employed nearly 50,000 people and was responsible for more than half of the state’s tax revenue.” [Read more](#).

► **Are Enough Young Adults Entering the Oil and Gas Industry.** On March 8, *Rigzone* reported recent data showing that there “are simply not enough young people entering the oil and gas workforce in recent times.” For example, “Over the past five years, it is reported that the number of Petroleum Engineering graduates has dropped by 83 percent.” However, Brian Binke, a Michigan based oil and gas recruiter says, “there are ways that the oil and gas industry can attract the best talent like creating more flexible career paths, offer professional training and development or creating attractive benefits package.” [Read more](#).

► **U.S. Shale Crude Oil Production to Rise to Highest Level since 2019.** Last week, the U.S. Energy Information Administration (EIA) reported that domestic “shale crude oil production in the seven biggest shale basins is expected to rise in April to its highest since December 2019.” However, the EIA data also shows “production is expected to rise by 68,000 barrels per day - the slimmest rise since December 2022 - to 9.21 million bpd.” [Read more](#).

## LEGISLATIVE SESSION OVERVIEW

### States in Session



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

**Arkansas** lawmakers are in recess until March 27.

**New Mexico** adjourned their legislative session on March 18. **West Virginia** adjourned their legislative session on March 11.

The following states are scheduled to adjourn their 2023 legislative sessions on the dates provided:

**South Dakota** (March 27), **Georgia** (March 29), **Kentucky** (March 30) and **Idaho** (March 31).

**Louisiana** is scheduled to convene their 2023 legislative session on April 10.

**Signing Deadlines** (by date): **Wyoming** Republican Gov. Mark Gordon had until March 18 to act on legislation or it becomes law without signature. **Utah** Republican Gov. Spencer Cox has until March 23 to act on legislation or it becomes law without signature. **Virginia** Republican Gov. Glenn Youngkin has until

March 27 to act on legislation or it becomes law without signature. **West Virginia** Republican Gov. Jim Justice has until March 29 to act on legislation or it becomes law without signature. **New Mexico** Democrat Gov. Michelle Lujan Grisham has until April 7 to act on legislation or it is pocket vetoed.

**Louisiana** is currently holding interim committee hearings. ■

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