

GOVERNMENTAL AFFAIRS REPORT

FEDERAL - Legislative

H.R. 6285 - Alaska's Right to Produce Act. On May 1, H.R. 6285, known as Alaska's Right to Produce Act, passed the House. Sponsored by Rep. Pete Stauber (R-MN), the bill provides for oil and gas leases in the Arctic National Wildlife Refuge (ANWR). Read more. Specifically, the bill "nullifies any order or action by the President or the Department of the Interior that places a moratorium on, suspends, or otherwise pauses leasing in ANWR's 1002 Area." The bill "also ratifies and approves all authorizations and permits issued for the establishment and administration of the Coastal Plain Oil and Gas Leasing Program. The Environmental Protection Agency and other applicable federal departments and agencies must process, reinstate, or continue to maintain such authorizations and permits. Within 30 days of the bill's enactment, Interior must accept bids for certain ANWR leases that were canceled and reissue the leases. The bill states that the reissued leases must be considered to meet the requirements of specified existing laws, such as the Endangered Species Act of 1973. By December 22, 2024, Interior must also conduct a second lease sale. Further, the bill limits the authority of the President and Interior to cancel future leases issued under the program. The bill also directs the Bureau of Land Management to withdraw its (1) Notice of Availability of the Draft Coastal Plain Oil and Gas Leasing Program Supplemental Environmental Impact Statement, and (2) proposed rule titled Management and Protection of the National Petroleum Reserve in Alaska. It also nullifies Section 4 of Executive Order 13990 and Secretarial Order 3401. Finally, the bill limits judicial review of approvals of leases under the program." However, as reported by The Hill, "While the legislation has some bipartisan support, it's unlikely to move past the Democrat-led Senate or win White House approval." Read more.

H.R. 4877 - Abandoned Well Remediation Research and Development Act. On April 30, H.R. 4877, known as the Abandoned Well Remediation Research and Development Act, passed the House. This bipartisan bill, sponsored by Rep. Summer Lee (D-PA), "requires the Department of Energy (DOE) to establish a research, development, and demonstration program concerning abandoned oil and gas wells. Under the program, DOE must work to improve (1) data collection on the location of abandoned oil or gas wells; (2) the plugging, remediation, reclamation, and repurposing of the wells; and (3) strategies to mitigate potential environmental impacts of documented and undocumented abandoned wells. The program terminates after five years." Read more.

House Committee on Natural Resources Hearing on Extreme Environmental Activist Groups in the Department of the Interior. On April 30, the U.S. House Committee on Natural Resources Oversight and Investigations Subcommittee held a hearing, Examining the Influence of Extreme Environmental Activist Groups in the Department of the Interior. The hearing focused on the following key messages: "The Biden administration is beholden to activist nonprofit, non-governmental organizations (NGOs), particularly those aligned with leftist social and environmental justice agendas; Despite rigorous compliance and ethics requirements, NGOs' growing influence in the federal rulemaking process is significant and often occurs outside of the public eye; [and] under Secretary Haaland, the Department of the Interior (DOI) has cultivated intimate and potentially improper relationships with radical NGOs driving the Biden administration's extreme environmental agenda." According to the hearing memo, "the growing influence of nonprofits on policymaking is not adequately understood and warrants investigation. This is especially true when organizations seem to operate

outside the existing compliance regime and the relationship between nonprofit NGOs and government decisionmakers disregards the spirit of the rules established to govern it." To access a full video recording of the hearing and witness testimony, Read more.

FEDERAL - Regulatory

Biden Administration Releases Permitting Reform for Clean Energy. On April 30, the White House Council on Environmental Quality released updated permitting reforms for clean energy. As reported by Bloomberg Government, the released rules are "designed to speed up permits for clean energy while requiring federal agencies to more heavily weigh damaging effects on the climate and on low-income communities before approving projects like highways and oil wells." Access the White House Fact Sheet here. Further, the rules "are intended to guide federal agencies in putting the reforms in place. But they also lay out additional requirements created to prioritize projects with strong environmental benefits, while adding layers of review for projects that could harm the climate or their surrounding communities." In addition, the new rules "would allow projects that have a demonstrated long-term environmental benefit to receive expedited environmental reviews or bypass them altogether. Federal agencies would also be required to identify environmentally preferable alternatives to proposed projects early in the permit review process. They also direct federal agencies to consider whether a proposed project would avoid or reduce the pollution that disproportionately affects low-income and minority communities." Read more.

BLM Rights-of-Way, Leasing, and Operations for Renewable Energy. On May 1, the Bureau of Land Management (BLM) released a final rule, *Rights-of-Way, Leasing, and Operations for Renewable Energy* (89 Fed. Reg. 35634), that "updates procedures governing the BLM's renewable energy and right-of-way programs, focusing on two main topics. The first topic is solar and wind energy generation rents and fees, implementing new authority from the Energy Act of 2020 to 'reduce acreage rental rates and capacity fees, or both, for

existing and new wind and solar authorizations' and making certain findings required by the statute. The second topic is expanding agency discretion to process applications for solar and wind energy generation rights-of-way inside designated leasing areas (DLAs). In addition to these two main topics, this final rule makes technical changes, corrections, and clarifications to the regulations. This final rule will update the BLM's procedures governing the BLM's administration of rights-of-way issued under Title V of the Federal Land Policy and Management Act (FLPMA), including for solar and wind energy applications and development authorizations." The rule is effective July 1, 2024. Read more.

BLM Management and Protection of the National Petroleum Reserve in Alaska. On May 7, the BLM published a final rule, Management and Protection of the National Petroleum Reserve in Alaska (89 Fed. Reg. 38712), that "revises the framework for designating and assuring maximum protection of Special Areas' significant resource values and protects and enhances access for subsistence activities throughout the NPR-A. It also incorporates aspects of the NPR-A Integrated Activity Plan (IAP) approved in April 2022." According to the BLM, "the final rule implements the critical components of the statutory framework described above, establishing procedures for the BLM to mitigate reasonably foreseeable and significantly adverse effects of proposed oil and gas activities on the surface resources of the Reserve and to provide maximum protection for surface values within Special Areas for proposed oil and gas activities." The rule takes effect June 6, 2024. Read more.

BLM Conservation and Landscape Health Rule. (Update to 6/26/23 Report) On May 9, the BLM published a final rule, Conservation and Landscape Health (89 Fed. Reg. 40308). The rule "provides direction and tools to protect and restore landscapes and ecosystems and make decisions supported by science and data, assisting the agency in managing for resilient landscapes that support multiple uses and sustained yield of resources and preventing unnecessary or undue degradation of the lands and their resources. As intact landscapes play a central

role in maintaining the resilience of an ecosystem, the rule emphasizes protecting those public lands with intact, functioning landscapes and restoring others. This rule is designed to support sustained yield such that the nation's public lands can continue to supply food, water, habitat, and other ecological necessities that can resist and recover from drought, wildfire, and other disturbances, and continue to provide energy, forage, timber, recreational opportunities, and safe and reliable access to minerals." Specifically, the rule (1) Directs BLM to manage for landscape health; (2) Provides a mechanism for restoring and protecting public lands through restoration and mitigation leases; and (3) Clarifies the designation and management of Areas of Critical Environmental Concern. "As stewards of America's public lands, the Interior Department takes seriously our role in helping bolster landscape resilience in the face of worsening climate impacts. Today's final rule helps restore balance to our public lands as we continue using the best-available science to restore habitats, guide strategic and responsible development, and sustain our public lands for generations to come," said Interior Secretary Deb Haaland. Read more.

BLM Oil and Gas Lease Sale – New Mexico. On May 6, the BLM New Mexico State Office "opened a 30-day public scoping period to receive public input on seven oil and gas parcels totaling 1,317 acres that may be included in a February 2025 lease sale in New Mexico. The comment period ends June 5, 2024." Read more.

BLM Resource Advisory Council – Wyoming. On May 10, the BLM Wyoming Resource Advisory Council announced it will hold a business meeting on June 12, 2024, and a field tour on June 13, 2024. "The Council provides recommendations to the Secretary of the Interior concerning the planning and management of the public land resources located within the State of Wyoming. Agenda topics for June 12, 2024, may include updates and discussions on statewide planning efforts, energy trends, district and field manager updates, State Director comments, and other resource management issues the Council may raise." Both the business meeting and field tour are open to the public. Read more.

BLM Appoints New Assistant Director for the Energy, Minerals, and Realty Management Program. On April 23, the BLM announced "the selection of David Rosenkrance as the Assistant Director for the Energy, Minerals, and Realty Management Program. In this role, Rosenkrance will manage BLM's work on renewable energy, oil and gas, mining and minerals, and grants for rights-of-way associated with solar and wind energy development on public lands. Additionally, he will oversee the realty management program, which administers land exchanges and other actions often linked to recreation and public access projects. Rosenkrance previously worked for the BLM and will

return to start his new position in late May." Read more.

EPA Issues Final Methane Emissions Reporting Rule. On May 6, the U.S. Environmental Protection Agency (EPA) announced a final rule, Greenhouse Gas Reporting Rule: Revisions and Confidentiality Determinations for Petroleum and Natural Gas Systems (Access the rule here), "to strengthen, expand, and update methane emissions reporting requirements for petroleum and natural gas systems under EPA's Greenhouse Gas Reporting Program, as required by President Biden's Inflation Reduction Act. The final revisions will ensure greater transparency and accountability for methane pollution from oil and natural gas facilities by improving the accuracy of annual emissions reporting from these operations." Read more. According to the EPA, "The final subpart W rule will dramatically improve the quality of emissions data reported from oil and natural gas operations, with provisions that improve the quantification of methane emissions, incorporate advances in methane emissions measurement technology, and streamline compliance with other EPA regulations. For the first time, EPA is allowing for the use of advanced technologies such as satellites to help quantify emissions in subpart W. In addition, EPA is finalizing new methodologies that allow for the use of empirical data for quantifying emissions, including options added in response to public comments on the proposed rule. The final rule also allows for the optional earlier use of empirical data calculation methodologies for facilities that prefer to use them to quantify 2024 emissions. These changes will improve transparency and expand the options for owners and

operators to submit empirical data to demonstrate their effort to reduce methane emissions and identify whether a Waste Emissions Charge is owed, based on thresholds set by Congress." Access an EPA Fact Sheet here. The rule is effective January 1, 2025, except for certain amendatory instructions as indicated. You may register for an upcoming May 21, 2024, EPA Webinar and Q&A Session explaining the rule in detail. Register here.

U.S. Department of Labor Issues Final Rule Increasing Minimum Salary Overtime Exemption. On April 23, the U.S. Department of Labor (DOL) released a Final Rule "increasing the minimum salary an employee must receive to be excluded from overtime payments. This will result in millions more employees either being entitled to overtime or receiving higher salaries. Previously, updates to salary levels for exemptions could remain stagnant for years or decades and, according to some, were out of touch with current income data." Read more. For background, the "federal Fair Labor Standards Act (FLSA) requires all employees receive overtime premium payments for hours worked over 40 in a workweek unless an employee qualifies for an exemption. The so-called 'white collar' exemptions for executive, administrative, and professional employees require a minimum weekly salary, along with specific primary job duties." The current white collar employee exemption "minimum salary is \$684 per week, or \$33,568 per year. Another exemption, the 'highly compensated employee exemption,' requires a minimum annual salary of \$107,432 (along with having certain duties)." The new salary threshold "will increase to the equivalent of an annual salary of \$43,888 and increase to \$58,656 on Jan. 1, 2025." Access a detailed legal analysis of the rule here. The rule takes effect July 1, 2024. Read more.

STATE – Legislative

Landowner Right of First Refusal; Eminent Domain – Oklahoma. On April 29, Gov. Kevin Stitt (R) signed HB 3159 into law. Sponsored by Rep. Eric Roberts (R), the bill "gives landowners the right of first refusal if the acquired land is ever sold by the state or any person who acquired the land through the use of

eminent domain authority. This right does not apply if the land is transferred to another state agency." The Act takes effect Nov. 1, 2024. Read more.

Recording and Notarizing Real Estate

Transactions – Tennessee. On May 6, Gov. Bill Lee (R) signed SB 2448 into law. The bill enacts the Real Estate Fraud Reduction Act and requires county registers of deeds and notaries public to: "(1) verify the identity of a person recording or notarizing certain documents using a government-issued identification card; and (2) document and maintain as a permanent record certain personally identifying information of a person recording or notarizing such a document." The bill also requires registers of deeds "to mail notice of the transaction to the last person of record who paid property taxes on the subject property." The bill also specifies "penalties for violations by a notary public." The Act takes immediate effect. Read more.

House Select Committee on Protecting Texas LNG Exports Hearing - Texas. On May 2, the Texas House Select Committee on Protecting Texas LNG Exports held a hearing to analyze "the applicable legal authorities under which the federal action was taken" by the Biden administration in pausing liquified natural gas (LNG) export permit approvals, "Assessing the potential economic, environmental, and social impacts of such federal action on the state; Identifying strategies to mitigate all adverse effects on the LNG industry, Texas's energy sector, and the state's economy as a whole;" and "Formulating recommendations for legislative, policy, or other remedial actions to address the challenges posed by the federal suspension of LNG export permits." Read more. Testifying witnesses included Texas Railroad Commissioner Wayne Christian, Texas Oil & Gas Association (TXOGA) President Todd Staples and TXOGA Chief Economist Dean Foreman, Ph.D., Jennifer Stewart, Director of Climate and ESG Policy for the American Petroleum Institute, and Matt Coday, President of the Oil & Gas Workers Association. Read more here and here.

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STATE – Judicial

Mineral Rights; Centerline Presumption; Rule of Property Conveyance - Colorado. On May 6, in Great Northern Properties LLLP v. Extraction Oil and Gas Inc. (Case No. 2024 CO 28), the Colorado Supreme Court addressed "whether the centerline presumption applies to minerals in Colorado." As reported by Colorado Politics, the court, "citing a need to avoid mass litigation across the state, ruled for the first time that property owners generally retain the mineral rights under roadways adjacent to their land, up to the center line. The decision resolved the question of who is entitled to oil and gas royalties for extraction that occurs beneath rights-of-way when a deed transferring ownership is silent about the mineral rights. The justices acknowledged the issue is more salient now than in decades past due to the increase in hydraulic fracturing and horizontal drilling, allowing greater access to fossil fuel deposits." Read more.

Pipeline Right-of-Way; Eminent Domain - Texas.

On April 30, the Texas Court of Appeals, First District (Houston), ruled in favor of a pipeline company by denying a landowners' motion for a temporary injunction. In Right-Way Sand Co. v. S. Tex. Pipelines, LLC (Case No. 01-23-00573-CV), a pipeline operator sought to "exercise a statutory power of eminent domain in connection with the construction of a new pipeline." The company alleged that the pipeline would be a "common carrier" and "sought an easement over appellants' property for the pipeline." At trial, the appellants argued the operator "had not satisfied the statutory requirements for exercising the power of eminent domain. The appellants also moved for a temporary and permanent injunction" to condemn the pipeline. Here, the appellate court held that the "appellants did not demonstrate their entitlement to a temporary injunction" and "the trial court did not abuse its discretion by denying injunctive relief." Moreover,

the court held that the pipeline served a "public use" and thus the operator had the power of eminent domain. Read more.

INDUSTRY NEWS FLASH

► API Comments on U.S. Environmental Protection Agency's final revisions to the Greenhouse Gas Reporting Program. Last week, the American Petroleum Institute (API), joined by the American Exploration & Production Council, Independent Petroleum Association of America, the Petroleum Alliance of Oklahoma, and the American Fuel and Petrochemical Manufacturers, raised "serious concerns about several aspects" of the EPA subpart W rule covered above on page 3 of this report. Those include "flawed methodologies that could lead to inaccurate reporting of higher GHG emissions and increased taxes on American energy at a time of geopolitical instability and economic inflation," said API Vice President of Corporate Policy, Aaron Padilla. "We are reviewing the final rule and will work with Congress and the administration as we continue to reduce GHG emissions while producing the energy the world needs," he added. Read more.

LEGISLATIVE SESSION OVERVIEW

States in Session



Session Notes: Alabama, Alaska, Arizona,
California, Delaware, Illinois, Louisiana,
Massachusetts, Michigan, Minnesota, Missouri,
New Hampshire, New Jersey, New York, North
Carolina, Ohio, Oklahoma, Pennsylvania, and the
Wisconsin Assembly are in regular session. The U.S.
Congress is also in session.

The following states adjourned their 2024 legislative sessions on the dates provided: **Mississippi** (May 4), **Colorado** (May 8), and **Arkansas** and **South Carolina** (May 9). **Alaska** is expected to adjourn on May 15.

Virginia is scheduled to hold a special session on May 13 to consider a new budget and avert a potential government shutdown. According to Virginia Mercury, the legislature passed a unanimous resolution to call for a special session after legislators voted to reject all of Republican Gov. Glenn Youngkin's 233 amendments to the budget. To avoid a shutdown when the current budget expires on July 1, the legislature will hold the special session to present a new budget, which leaders are currently negotiating. A vote on the new budget is expected to take place on May 15.

New Mexico Democratic Gov. Michelle Lujan Grisham has called for a special session starting July 18. According to her <u>press release</u>, the special session will take up additional public safety protections. Some issues that will likely be addressed include pedestrian safety on roads and in public spaces, laws allowing courts to intervene for those who need substance abuse or mental health help and enhanced penalties for felons in possession of guns, according to <u>KRQE</u>. The session is expected to last several days.

Signing Deadlines (by date): Georgia Republican Gov. Brian Kemp had until May 7 to act on legislation or it became law without signature. Iowa Republican Gov. Kim Reynolds has until May 20 to act on legislation or it is pocket vetoed. Maryland Democratic Gov. Wes Moore has until May 28 to act on legislation or it becomes law without signature. Colorado Democratic Gov. Jared Polis has until June 7 to act on legislation or it becomes law without signature. **Arkansas** Republican Gov. Sarah Huckabee Sanders has 20 days, Sundays excluded, to act on legislation or it becomes law without signature. Florida Republican Gov. Ron DeSantis has 15 days from presentment to act on legislation or it becomes law without signature. Kansas Republican Gov. Laura Kelly has 10 days from presentment to act on legislation or it becomes law without signature. **Mississippi** Republican Gov. Tate Reeves has 15 days from presentment, Sundays

excluded, to act on legislation or it becomes law without signature. **Tennessee** Republican Gov. Bill Lee has 10 days from presentment, Sundays excluded, to act on legislation or it becomes law without signature.

The following states are currently holding interim committee hearings or studies: Indiana, Kentucky, Maryland, Montana, North
Dakota, South Dakota, the Texas House, Utah, Virginia, Washington, West Virginia, and Wyoming.

The following states are currently posting 2024 bill drafts, pre-files and interim studies: Nebraska and North Dakota. ■

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