

# GOVERNMENTAL AFFAIRS REPORT

## Weekly Highlights At-A-Glance

### FEDERAL – Legislative

#### **H.R. 7550 – Oil and Gas Industry Antitrust Act.**

On April 21, Rep. Val Demings (D-FL) introduced [H.R. 7550](#), known as the *Oil and Gas Industry Antitrust Act*. The bill requires that the Federal Trade Commission (FTC) shall conduct an investigation to determine if the price of gasoline is being manipulated by reducing refinery capacity or by any other form of market manipulation or artificially increased by price gouging practices and requires an investigation and report. Under the bill, “the FTC must report to Congress within 270 days of enactment a report on the investigation, plus long-term strategy for the Commission and Congress to address manipulation of oil and gas markets during times of national or international crisis or emergency.” [Read more.](#)

#### **S. 977 – No Oil Producing and Exporting Cartels**

**Act.** On May 5, [S. 977](#) was reportedly favorably out of the Senate Judiciary Committee. This is the first action on this bipartisan bill known as the *No Oil Producing and Exporting Cartels Act of 2021* or *NOPEC Act* which has languished in the Senate since its introduction more than a year ago. The House Judiciary Committee approved the bill by a voice vote last April. Introduced by Sen. Chuck Grassley (R-IA), the “bill prohibits a foreign state from engaging in collective action impacting the market, supply, price, or distribution of oil, natural gas, or any other petroleum product in the U.S. Specifically, a foreign state is prohibited from collective action that limits the production or distribution of such product, collective action to set or maintain the price of such product, or any other action that restrains trade of such product. Specified defenses such as sovereign immunity (i.e., a foreign state’s immunity from the jurisdiction of U.S. courts) and the act of state doctrine (i.e., the prohibition of a court invalidating an official act of a

foreign sovereign performed within its own territory) shall not apply to a foreign state’s violation of this bill.” According to Sen. Grassley, the legislation aims “to crack down on anticompetitive behavior by foreign oil producing nations” and “will let the federal government take action against price fixing by OPEC, the Organization of Petroleum Exporting Countries, and its partner nations.” [Read more.](#)

#### **S. Res. 608 – Transition to Clean Energy Economy.**

On May 2, Sen. Jeff Merkley (D-OR) introduced [S. Res. 608](#), “Expressing the sense of Congress about the need to stop excessive price increases by oil and gas companies and the importance of rapidly transitioning to a clean energy economy.” According to Sen. Merkley, the “Resolution urges a rapid transition to renewable energy, which ‘can come online more quickly and reliably than oil and gas production, which will ensure the United States’ energy independence and help us maintain a safe and healthy climate.’” [Read more.](#)

### FEDERAL – Regulatory

#### **BLM National Petroleum Reserve in Alaska Leasing.**

On April 25, the Bureau of Land Management (BLM) [announced that it has signed a new Record of Decision \(ROD\)](#) to guide management of the National Petroleum Reserve in Alaska (NPR-A). [Read more.](#) According to *The Hill*, the ROD “is shrinking the amount of land eligible for drilling at an oil reserve in the Arctic.” The Biden administration will be returning to “an Obama administration plan that would enable the government to lease up to 52 percent of the National Petroleum Reserve in Alaska for oil and gas exploration. It reverses a Trump-era plan that would have opened up 82 percent of the reserve.” According to reporting, “In addition to shrinking the amount of [NPR-A] land available for

lease, returning to the 2013 plan also reinstates protections for certain areas of particular environmental significance.” [Read more.](#)

**BOEM Wind Lease Sales.** On April 29, the Bureau of Ocean Energy Management (BOEM) published a “Call for Information and Nominations-Commercial Leasing for Wind Energy Development on the Outer Continental Shelf (OCS) Offshore Oregon” ([87 Fed. Reg. 25529](#)), that “invites public comment on and assesses interest in possible commercial wind energy leasing on the OCS offshore the Oregon coast. BOEM will consider information received in response to this Call to determine whether to schedule a competitive lease sale or to issue a noncompetitive lease for any portion of the areas described in this Call (Call Areas).” The Call “requests information on two areas that together comprise approximately 1.158 million acres, which are depicted on the map below. Both areas—the Coos Bay Call Area and the Brookings Call Area—begin about 12 nautical miles from shore at their closest points, off the coast of central and southern Oregon, respectively.” The 60-day public comment period will be open through June 28, 2022. [Read more.](#)

**Solar Energy Projects.** On April 27, the Solar Energy Industries Association (SEIA) [cut its forecasts for solar energy deployment by nearly 50 percent](#). The SEIA has called out “the Biden administration’s decision to investigate Asian manufacturers amid allegations of dodging tariffs.” Abigail Ross Hopper, SEIA CEO and President said, “If tariffs are imposed, in the blink of an eye we’re going to lose 100,000 American solar workers and any hope of reaching the President’s clean energy goals.” To that end, the SEIA is “dropping its installation projections 46 percent as a result of the probe. This would equate to the loss of 24 gigawatts worth of planned capacity, more than the industry has installed all last year.” [Read more.](#)

**AAPL Joins 35 Trade and Membership Groups Urging Extended Comment Period for SEC Climate Disclosure Rulemaking.** (*Update to 4/25/22 Report*)  
On April 26, AAPL joined 35 other trade groups and industry associations in a letter spearheaded by the

Western Energy Alliance calling on the Securities and Exchange Commission to extend the comment period for their climate disclosure proposed rulemaking. [Read the letter here.](#) For background, on April 11, the SEC published proposed rulemaking that would mandate corporate reporting of climate risks and greenhouse gas (GHG) emissions. [See SEC Press Release here.](#) The proposal already attracted industry attention when first released as a draft at the end of March. *Bloomberg News* called this “a major shift in how corporations must show they are dealing with climate change.” Further, “For the first time ever, the agency plans to require businesses to outline the risks a warming planet poses to their operations when they file registration statements, annual reports or other documents. Some large companies will have to provide information on emissions they don’t make themselves but come from other firms in their supply chain.” As reported by the *Oil & Gas Journal*, [the proposed rule](#), entitled “The Enhancement and Standardization of Climate-Related Disclosures for Investors” ([87 Fed. Reg. 21334](#)), “would require disclosures of information about climate-related risks that are reasonably likely to have a material impact on their business, results of operations, or financial condition. The SEC suggested its plan would require commonly used metrics that would make it easier for investors to assess the relative risk profiles of different companies. The risks cited by the SEC proposal include not only what the public might imagine — changes in weather, for example — but regulatory, technological, and market risks driven by a transition to a lower-GHG intensive economy. The proposed rule would require a company to disclose information about the company’s governance or high-level oversight and management policies for climate-related risks. Such disclosures would be part of the environmental, social, and governance reporting that many people have begun demanding from businesses.” [Read more.](#) As noted by the SEC, “companies will be required to calculate these potential costs from data they already compile for regular disclosures to investors.” [Read more.](#) You may also access a detailed [AAPL Governmental Affairs Fact Sheet here.](#)

## STATE – Legislative

**Produced Water – California.** On April 19, AB 2447 passed the Assembly Natural Resources Committee along partisan lines. Sponsored by Asm. Bill Quirk (D), the bill would prohibit “the disposal of produced wastewater into unlined ponds and the construction of new unlined ponds.” According to the California Independent Petroleum Association (CIPA), “Shutting down produced water ponds would reduce oil production in Kern County by approximately 3 million barrels per year. Not only would oil workers and contractors lose work, but oil companies would likely have to shut down. This would lead to lost income taxes to the State of California and potentially millions in lost tax revenue for Kern County – dollars which currently support vital public services. All affected ponds are located in Kern County.” CIPA noted that “AB 2447 also ignores years of work with state regulators on the Basin Plan and Basin Plan Amendment process. It is frustrating when bills are introduced that disregard years of cooperation between state regulators and industry to ensure that best practices are applied based on experience and scientific review.” [Read more.](#)

**Oil Imports – California.** On April 28, SB 1319 advanced out of the Senate Environmental Quality Committee following its initial advancement out of the Natural Resources Committee. Sponsored by Sen. Shannon Grove (R), the bill would, according to a CIPA analysis, “first express the intent of the Legislature to prohibit the import of crude oil into California if the source of the oil is a foreign nation with demonstrated human rights abuses, or a foreign nation with environmental standards that are lower than those in California. Second, the bill would require the Geologic Energy Management Division (CalGEM) to report on its website the amount of particulate matter released into the air from tanker ship emissions from oil imported into the state.” According to CIPA, “Too often, oil producers in the LA basin are accused of health impacts on residents without any scientific evidence connecting the health impacts to oil production facilities. Oil producers in California are blamed for health issues related to air quality when the

true culprits are vessels clogging our ports and vehicle traffic inching along urban freeways and roadways.”

[Read more.](#)

**Worker Misclassification – Colorado.** On May 2, SB22-161 advanced through committee. The bill, sponsored by Sen. Sonya Jaquez Lewis (D), “updates and modifies laws pertaining to the payment of wages, employee misclassification, and workplace safety, and the enforcement procedures and remedies for violations of those laws” and specifically establishes the worker and employee unit in the Department of Law to investigate and enforce wage theft, unemployment insurance and misclassification of employees. [Read more.](#)

**Unitization Timing Requirements – Ohio.** On April 20, Gov. Mike DeWine signed [HB 397](#) into law. The bill, sponsored by Rep. Brian Stewart (R), establishes timelines within which the Chief of the Division of Oil and Gas Resources Management must hold a hearing on an application for unit operation and issue the unit operation order. The bill takes effect on July 21, 2022. [Read more.](#)

**Recording Fees – Mississippi.** (*Update to 2/14/22 Report*) On April 21, Gov. Tate Reeves (R) signed HB 719 into law. The bill, sponsored by Rep. Manly Barton (R), amends certain filing fees charged by Chancery clerks for the recording of documents. [Read more.](#)

**Water Quality Standards – Oklahoma.** On May 3, Gov. Kevin Stitt (R) signed SB 1325 into law. Sponsored by Sen. Julie Daniels (R), the bill transfers the enforcement of Oklahoma's Water Quality Standards from the Oklahoma Water Resources Board to the Department of Environmental Quality. The Act is effective November 1, 2022. [Read more.](#)

**Produced Water – Oklahoma.** (*Update to 1/31/22 Report*) On April 21, Gov. Kevin Stitt (R) signed HB 3403 into law. The bill, sponsored by Rep. Brad Boles (R), relates to oil and gas produced water and waste recycling and reuse and modifies “definitions to allow thermal and other commercially viable technological processes.” Specifically, the bill “modifies the definition

of 'recycled water' to include oil and gas produced water and waste that has been treated by thermal, or any other commercially viable technological processes, into a reusable form. The measure also modifies the definition of 'treated constituents' to mean any byproduct removed from oil and gas produced water through a thermal treatment, or any other commercially viable technological process." The Act is effective November 1, 2022. [Read more.](#)

**Effluent Water Standards – Oklahoma.** On April 29, Gov. Kevin Stitt (R) signed HB 3824 into law. The bill, sponsored by Rep. Carl Newton (R), authorizes the Department of Environmental Quality to apply site-specific criteria to effluent water quality standards, so long as they are implemented by the permitting or rulemaking process that meets requirements for public comments. The Act is effective November 1, 2022. [Read more.](#)

**Well Plugging – Pennsylvania.** On April 20, HB 2528 was introduced by Rep. James Struzzi (R). The bill would require that regarding the plugging of oil and gas wells, the state ensure that well plugging contracts awarded are going to Pennsylvania companies as a first priority. [Read more.](#)

## **STATE – Regulatory**

**Plugging and Abandoned Wells; Site Remediation Rulemaking – California.** On April 20, the Geologic Energy Management Division (CalGEM) released a regulatory discussion draft regarding criteria for the submission of operator cost estimates for the plugging and abandonment of wells, decommissioning of attendant facilities, and site remediation associated with California oil and gas operations. [Read more.](#) According to CIPA, "In addition to cost estimates the draft discussions also present proposed due dates for cost estimate reports and requirements for cost estimates. Methodology for cost estimates also prescribe contingency costs must be used based on aggregated risk score tables. The risk tables will significantly increase the required contingency costs that must be submitted." The CalGEM public comment period is currently open and will close on May 20,

2022. To submit hard copies of public comments, send to: Department of Conservation, 715 P Street, MS 1907, Sacramento, CA 95814, Attn: CalGEM Cost Estimates. Comments may also be submitted via email to: [calgemcostestimates@conservation.ca.gov](mailto:calgemcostestimates@conservation.ca.gov). [Read more.](#)

**Regional Greenhouse Gas Initiative Adoption – Pennsylvania.** (*Update to 11/30/20 Report*) On April 22, Gov. Tom Wolf (D) announced Pennsylvania has entered the Regional Greenhouse Gas Initiative (RGGI) – a cap-and-trade emissions program for power plants encompassing 12 Northeastern states – that finalizes rulemaking in process since 2019. [Read more.](#) Republican lawmakers fought the adoption of RGGI arguing it will imperil safe and reliable energy sources used to power Pennsylvania. "Joining RGGI is a bad idea because it will increase electricity prices, even though higher energy prices are already contributing to inflation," said Michelle Bloodworth, the president of America's Power, a trade group representing coal interests. "It will cause the premature retirement of coal-fired power plants at the same time electricity grid operators are concerned that more coal retirements could cause electric reliability problems; and it will have no effect on climate change because other countries, especially China, continue to build more coal-fired power plants and increase their use of coal." [Read more.](#) For background, in 2020, the Pennsylvania Environmental Quality Board issued its proposed rulemaking entitled "CO<sub>2</sub> Budget Trading Program," which would establish Pennsylvania as the newest member of the RGGI. The "RGGI is an intergovernmental organization consisting of ten member-states (CT, DE, ME, MD, MA, NH, NJ, NY, RI, VT) that has established a market-based cap-and-trade program for CO<sub>2</sub> emissions." According to that proposed regulation, "The purpose of this proposed rulemaking is to reduce anthropogenic emissions of CO<sub>2</sub>, a greenhouse gas (GHG) and major contributor to climate change impacts, in a manner that is protective of public health, welfare and the environment in this Commonwealth. This proposed rulemaking would reduce CO<sub>2</sub> emissions from sources within this Commonwealth and establish the Commonwealth's participation in the Regional

Greenhouse Gas Initiative (RGGI), a regional CO<sub>2</sub> Budget Trading Program. This proposed rulemaking would establish a CO<sub>2</sub> Budget Trading Program for this Commonwealth which is capable of linking with similar regulations in states participating in RGGI (participating states). These independently promulgated and implemented CO<sub>2</sub> Budget Trading Program regulations together make up the regional CO<sub>2</sub> Budget Trading Program or RGGI." The initiative includes an approach to reducing CO<sub>2</sub> emissions from fossil fuel-fired electric generating units in the state. According to law firm, Manko, Gold, Katcher & Fox, LLP, "Based on an analysis conducted by a consultant retained by [Pennsylvania Department of Environmental Protection] PADEP, most emission reductions are expected to come from reductions in coal use, while a smaller percentage would come from natural gas." [Read more.](#)

**Railroad Commission Rulemaking – Texas.** On May 4, the Texas Railroad Commission (RRC) formally announced that it has proposed amendments to [16 TAC Chapter 5](#) to implement [HB 1284 \(2021 Legislative Session\)](#) regarding carbon sequestration wells at its open meeting on May 3. According to the RRC, "The proposed amendments would modify various sections of RRC rules, including those describing the applicability of the rules, application requirements, notice and hearing requirements, permit standards and reporting, recordkeeping, and more." Leslie Savage, RRC's chief geologist said, "Clearly, there is concern today about levels of carbon dioxide in the atmosphere and its impact on the environment. Class VI injection wells have the potential to be part of the solution by trapping the CO<sub>2</sub> in appropriate geologic formations. We hope our program will be able to streamline the process and allow for the timely issuing of Class VI permits." Public comments on the proposal will be accepted until 5:00 pm, June 20, 2022. The [proposal is available here](#). For further questions regarding the proposed rulemaking, you may contact Kellie Martinec, Rules Coordinator, Office of General Counsel, Railroad Commission of Texas, at [kellie.martinec@rrc.texas.gov](mailto:kellie.martinec@rrc.texas.gov) or [rulescoordinator@rrc.texas.gov](mailto:rulescoordinator@rrc.texas.gov). [Read more.](#)

## STATE – Judicial

**Mineral Interests; Deeds – Arkansas.** In *Phifer v. Oullette* (Case No. CV-20-733), the Court of Appeals of Arkansas (Division II) addressed a dispute over percentage ownership in minerals interests in a 190-acre tract of land in White County, Arkansas. The lower court quieted title in the minerals with a 25 percent interest to the appellant and 75 percent interest to the appellees. The appellant brought this action "contending that the circuit court erred in its calculation. He argues that the mineral interests are owned 50/50." Specifically on appeal, "Phifer argues that the court's 75/25 division of mineral rights was error, and the flaw in its reasoning occurred when it misinterpreted one of the deeds in the chain of title." Here, the court examined the chain of title and found that "Phifer owns an undivided half of an undivided half of the mineral rights. And although we took a different route, we arrived at the same conclusion as the circuit court: 75 percent of the mineral interests to the appellees and 25 percent to Phifer. We can affirm a circuit court when we reach the same result, even if we state a different reason." [Read more.](#)

**Mineral Liens – Texas.** In *Pearl Resources Operating Co. LLC v. Transcon Capital, LLC* (Case No. 08-19-00288-CV), the Texas Court of Appeals (Eighth District) addressed a dispute in which "the company that purchased the rights to the water-hauling service's invoices sued the mineral lease holders to make good on the unpaid invoices. Its leverage was a potential statutory lien on the mineral lease—which was the sole relief granted to it in the judgment below. But because the mineral lien statute only permits the lien to attach to the extent that the mineral lease holder has not paid its contractor, and here the contractor was paid in full under its contract, the statutory lien is unavailable." As the appellate court explained, "when the owner has already paid its contractor all that is owed under a contract by the time the subcontractor serves the owner with notice of its claim the subcontractor is not entitled to a lien under [Texas law]." As a result, the appellate court reversed judgment in favor of the mineral lease holder. [Read more.](#)



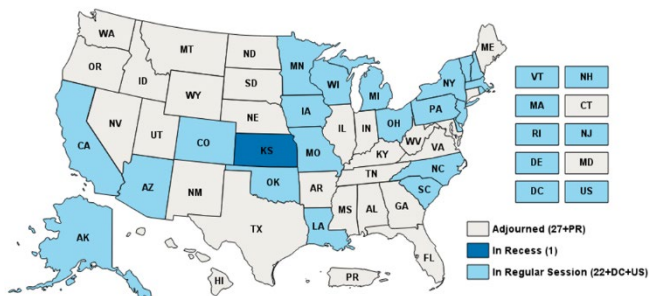
## INDUSTRY NEWS FLASH

► **Europe joins U.S. in plan to ban Russian oil imports.** Last week, European Commission President Ursula von der Leyen formally proposed a ban on all imports of Russian oil by the end of 2022 over Moscow's invasion of Ukraine. "When [European] leaders met in Versailles, they agreed to phase out our dependency on Russian fossil fuels," von der Leyen said. "Let's be clear: It will not be easy, because some member-states are strongly dependent on Russian oil. But we simply have to do it, so today we will propose to ban all Russian oil from Europe." The president added that the ban would apply to all imports, "sea-borne and pipeline, crude and refined." [Read more.](#)

► **OPEC+ approves small increase in production.** On May 5, OPEC+ nations approved a small monthly increase in oil production. According to *Rigzone*, "International consumers have called on Saudi Arabia and its partners to fill the gap left by a boycott of Russian crude and help ease the inflationary pain caused by prices near \$110 a barrel. But in yet another brief meeting, the Organization of Petroleum Exporting Countries and its allies rubber-stamped the standard 432,000 barrel-a-day increase for June, according to a statement from the group." [Read more.](#)

## LEGISLATIVE SESSION OVERVIEW

### States in Session



**Session Notes:** Alaska, Arizona, California, Colorado, Delaware, Iowa, Louisiana, Massachusetts, Michigan, Minnesota, Missouri,

New Hampshire, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Vermont, and Wisconsin are in regular session. The U.S. Congress is also in session.

**Kansas** is in recess until May 23, reports [KSHB](#). The Kansas Supreme Court is reviewing the Republican's new congressional and legislative districts and a ruling is expected by May 23. Usually, the legislature would reconvene for a single day set aside for an annual adjournment ceremony, but how long they reconvene this year hinges on the court's ruling and whether the Republican-controlled legislature will need to once again tackle redistricting.

The following states adjourned their 2022 legislative sessions on the dates provided: **Tennessee** (April 28) and **Connecticut** (May 4).

The following states are scheduled to adjourn their 2022 legislative sessions on the dates provided: **Vermont** (May 6), **Alaska** (May 11), and **Missouri** (May 13).

**Signing Deadlines** (by date): **Georgia** Republican Gov. Brian Kemp has until May 14 to act on legislation or it becomes law without signature. **Maryland** Republican Gov. Larry Hogan has until May 31 to act on legislation or it becomes law without signature. **Hawaii** Democratic Gov. David Ige has until July 12 to act on legislation or it becomes law without signature. **Arkansas** Republican Gov. Asa Hutchinson has 20 days from presentment, Sundays excluded, to act on legislation or it becomes law without signature. **Connecticut** Democratic Gov. Ned Lamont has 15 days from presentment 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. **Illinois** Democratic Gov. J.B. Pritzker has 60 days from presentment to act on legislation or it becomes law without signature. **Kentucky** Democratic Gov. Andy Beshear has 10 days from presentment, Sundays excepted, to act on legislation or it becomes law without signature. **Maine** Democratic Gov. Janet Mills must act

on legislation presented within 10 days of adjournment or it becomes law unless returned within three days after the next meeting of the same legislature.

**Mississippi** Republican Gov. Tate Reeves has 15 days from presentment to act on legislation or it becomes law without signature. **Nebraska** Republican Gov. Pete Ricketts has five days from presentment, Sundays excepted, 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 2022 interim committee hearings: [Arkansas](#), [Montana](#), [Nevada](#), [New Mexico](#), [North Dakota](#), [South Dakota](#), [Utah](#), [Virginia](#), [Washington](#), [West Virginia](#), and [Wyoming](#). ■

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