

GOVERNMENTAL AFFAIRS REPORT

FEDERAL – Legislative

H.R. 1 – One Big Beautiful Bill Act. On July 4, President Trump signed the nearly 900-page tax and spending budget reconciliation package into law. In addition to extending the 2017 Trump-era tax cuts, the One Big Beautiful Bill Act ([H.R. 1](#)) contains numerous tax and energy provisions affecting both AAPL members and the broader energy industry. The White House said that among other provisions, the bill includes “a massive expansion of domestic oil and gas production capacity.” For a comprehensive, in-depth look at the bill and its key provisions see our recent [Landnews posting here](#). That coverage also contains additional resources for a deeper dive into the legislation.

FEDERAL – Regulatory

BLM Resource Management Plan – Montana.

On July 8, the Bureau of Land Management (BLM) published a notice of *Intent To Amend the Resource Management Plan for the Miles City Field Office, Montana, and Prepare an Associated Environmental Assessment* ([90 Fed. Reg. 30092](#)). According to the notice, the “Montana/Dakotas State Director intends to prepare a resource management plan (RMP) amendment with an associated environmental assessment (EA) for the Miles City Field Office. This notice announces the beginning of the scoping period to solicit public comments, identify issues, provide the planning criteria for public review, and solicit coal resource and development potential data.” The public comment period is open through August 7, 2025. [Read more.](#)

BLM Resource Management Plan – Wyoming.

On July 8, the BLM published a notice of *Intent To Amend the Resource Management Plan for the Buffalo Field Office, Wyoming, and Prepare an*

Associated Environmental Assessment ([90 Fed. Reg. 30093](#)). According to the notice, the “Wyoming State Director intends to prepare a resource management plan (RMP) amendment with an associated environmental assessment (EA) for the Buffalo Field Office. This notice announces the beginning of the scoping period to solicit public comments, identify issues, provide the planning criteria for public review, and solicit coal resource and development potential data.” The public comment period is open through August 7, 2025. [Read more.](#)

BLM Oil and Gas Lease Sale – Colorado. On July 7, the BLM Colorado State Office “announced an oil and gas lease sale scheduled for Sept. 9, 2025, to offer 14 oil and gas parcels totaling 7,896 acres in Colorado. The BLM completed scoping on these parcels in December 2024 and held a public comment period that closed in April 2025 on the parcels and the related environmental analysis. A 30-day public protest period to receive additional public input opened today and will close Aug. 6, 2025.” [Read more.](#)

BLM Oil and Gas Lease Sale – Eastern States. On June 30, the BLM “Eastern States State Office today opened a 30-day public scoping period to receive public input on eight oil and gas parcels totaling 506 acres that may be included in a March 2026 lease sale in Arkansas, Louisiana, Michigan, and Mississippi. The comment period ends July 30, 2025.” [Read more.](#)

BLM Oil and Gas Lease Sale – Montana; North

Dakota. On July 9, the BLM Montana-Dakotas State Office “announced an oil and gas lease sale scheduled for Sep. 10, 2025, to offer 26 oil and gas parcels totaling 8,355 acres in Montana and North Dakota. The BLM completed scoping on these parcels in March 2025 and held a public comment period that closed in April 2025 on the parcels and the related

environmental analysis. A 30-day public protest period to receive additional public input opened today and will close Aug. 8, 2025.” [Read more.](#)

BLM Geothermal and Pipeline Projects – Montana; Nevada. On June 27, the BLM announced it has “approved several major energy projects across the West—including a natural gas pipeline in Montana and three geothermal energy projects in Nevada—that will strengthen America’s energy supply and create jobs in local communities. These projects mark important progress in expanding both traditional and renewable energy infrastructure on public lands.” [Read more.](#)

BLM Oil and Gas Lease Sale – Utah. On July 8, the BLM Utah State Office “opened a 30-day public comment period to receive public input on plans to include 46 oil and gas leases, totaling 68,263 acres in Utah in a December 2025 sale. The comment period ends Aug. 8, 2025.” [Read more.](#)

BLM Oil and Gas Lease Sale – Wyoming. On July 8, the BLM Wyoming State Office “announced an oil and gas lease sale scheduled for Sept. 16, 2025, to offer 37 oil and gas parcels totaling 45,178 acres in Wyoming. The BLM completed scoping on these parcels in March 2025 and held a public comment period that closed in May 2025 on the parcels and the related environmental analysis. A 30-day public protest period to receive additional public input opened today and will close Aug. 7, 2025.” [Read more.](#)

BLM Oil and Gas Lease Sale – Wyoming. On July 8, the BLM Wyoming State Office “opened a 30-day public scoping period to receive public input on 68 oil and gas parcels totaling 94,465 acres that may be included in a March 2026 lease sale in Wyoming. The comment period ends Aug. 7, 2025.” [Read more.](#)

Interior Department Proposes Commingling Oil and Gas Production Rulemaking. On July 7, the U.S. Department of the Interior announced it “is proposing critical updates to Bureau of Land Management oil and gas regulations that would make it easier for operators to combine production from

multiple leases—a practice known as commingling. This will implement the One Big Beautiful Bill’s directive to the Secretary of the Interior to approve onshore commingling applications. This approach allows oil and gas to be produced from different leases, often under different ownership, using the same well pad, which reduces environmental impacts, lowers operating costs and increases overall efficiency.” The Interior Department said, “Current Bureau of Land Management regulations restrict commingling to leases that have identical mineral ownership, royalty rates and revenue distribution. These requirements create unnecessary barriers in many areas of the West where mineral ownership is complex and varied. The proposed changes would allow commingling even when these conditions differ, unlocking energy potential that is currently tied up in regulatory red tape.” [Read more.](#)

Interior Department Permitting Authority – California. As reported on July 1, “The Trump administration has taken steps to end an agreement that 13 years ago put state officials in charge of permitting oil projects on federal property in California, including in Kern.” The move by the U.S. Department of the Interior “to rescind the 2012 accord with the California Geologic Energy Management division won him thanks Friday from Reps. Vince Fong and David Valadao, among other California GOP members of the House. They called the agreement outdated and ‘a significant barrier’ to in-state oil production.” In their [June 27 letter to Interior Secretary Doug Burgum](#), the representatives wrote “to express our sincere gratitude for rescinding the 2012 Memorandum of Understanding (MOU) between the California Geologic Energy Management Division (CalGEM) and the Bureau of Land Management (BLM). This MOU has historically acted as a significant barrier to oil production in California, compounded by CalGEM’s persistent failure to meet its obligations regarding the timely issuance of permits for new well drilling. This dereliction of duty is jeopardizing our energy independence and undermining our economic stability at a time when the demand for reliable energy sources is critical.” [Read more.](#)

U.S. Department of Energy NEPA Regulations.

On June 30, the U.S. Department of Energy (DOE) “announced new updates to the Department’s National Environmental Policy Act (NEPA) procedures, fixing the broken permitting process and delivering on President Trump’s pledge to unleash American energy dominance and accelerate critical energy infrastructure. As part of a government-wide effort to restore common sense to permitting, DOE published an [interim final rule](#) rescinding all NEPA regulations and published [new NEPA guidance procedures](#) for the Department of Energy.” As reported by the *Oil & Gas Journal*, “DOE said the updates are necessary to ‘fix the broken permitting process’ and accelerate energy projects under the law, which has not been significantly revised since the 1980s.” [Read more.](#)

STATE – Legislative

For all 900+ 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

Kern County Oil and Gas Rezoning Ordinance – California. On June 26, the Kern County Board of Supervisors voted unanimously “to approve an oil and gas rezoning ordinance that could permit up to 2,700 new oil wells annually, reviving a plan courts had previously struck down for violating environmental laws.” [Read more.](#) The ordinance seeks “to reconsider implementation of a land use approval process for oil and gas exploration, extraction, operations, and production activities.” [Read more.](#) As reported by the California Independent Petroleum Association, the ordinance is “restoring local control and providing a pathway for new oil permits for the first time in years.” [Read more.](#)

Mineral Lease Royalty Reduction Executive Order –

Louisiana. On June 24, Gov. Jeff Landry issued [Executive Order JML 25-072](#) “directing the Louisiana Mineral Board to draft a plan to reduce royalty rates. The move is intended to spark coastal drilling activity and unlock more of the state’s natural resources.” The order, which sets timelines and directives for accomplishing this goal, also requires the Department of Energy and Natural Resources to detail “how recent legislative changes - including severance tax reductions and departmental reorganization - will strategically and proactively address orphan wells in state waters, thereby promoting responsible resource development, fiscal sustainability, and environmental stewardship.” [Read more.](#)

RRC Updates its Environmental Permits and

Support Unit Website – Texas. On June 30, the Texas Railroad Commission announced that with “the implementation of the new Chapter 4, Subchapter A waste management rules on July 1, 2025, the Railroad Commission has updated the [Environmental Permits and Support Unit page](#) on the RRC website to include current information to help stakeholders with the implementation. The website includes guidance focused on the changes relevant to the new rules, including Authorized Pits, Waste Profiles and Waste Manifests.” According to the RRC, “The website includes draft versions of several forms *which may be used* even though they are still being proposed and have not been formally adopted by the Commission. Recorded webinars from earlier this spring and other materials are also available for download on the website. Any information regarding implementation of the new Chapter 4 rules can be directed to the Environmental Permits and Support Unit at (512) 463-3840 or by sending an email to EPSch4@rrc.texas.gov. The webpage contains other contacts for specific programs, such as Authorized Pits, Waste Haulers and Waste Management Permits.” [Read more.](#)

STATE – Judicial

Tax Sales; Mineral Estate – Pennsylvania Supreme Court. Recently in [Pennsylvania Game Commission v.](#)

[Thomas E. Proctor Heirs Trust](#) (Case No. 31 EAP 2023), the Pennsylvania Supreme Court answered the question whether a 1908 tax sale constituted a title wash, thereby divesting the owners of the subsurface estate of their interest. The court held that “the 1908 tax sale did not constitute a title wash but, rather, acted as a mere redemption of taxes owed and, as such, did not divest the subsurface owners of their interest.” According to law firm Oliva Gibbs, “This holding could significantly impact oil and gas development spanning thousands of acres in the central and northeastern regions of Pennsylvania because it addresses a common title fact pattern.” [Read more.](#)

Produced Water; Leasing – Texas Supreme Court.

On June 27, the Texas Supreme Court issued its long-awaited opinion in [Cactus Water Services, LLC, Petitioner, v. COG Operating, LLC](#) (Case No. 23-0676), a “first-of-its-kind dispute” over ownership of produced water, specifically answering the question at issue: “who owns produced water under an oil-and-gas conveyance that does not expressly address the matter?” The court clearly provided that “Texas law has long recognized that the hydrocarbon producer’s possession and control over the disposition of liquid-waste byproduct is necessarily incidental to, and therefore encompassed in, a conveyance of oil-and-gas rights.” This case “pits a mineral-estate lessee and operator of producing wells under oil-and-gas leases against a surface-estate lessee asserting a claim to the produced water collected at or near the wellhead. The hydrocarbon lessee contends that, under Texas law and long-standing industry practice, conveyance of the right to produce oil and gas—whether by deed or lease—necessarily includes the liquid-waste byproducts entrained with the hydrocarbons absent an express reservation or exception; accordingly, the surface owners’ subsequent conveyances of produced water were legally ineffective. The produced-water lessee counters that once the hydrocarbons have been separated after production at the well, the remaining watery mixture, being neither oil nor gas, is surface-estate water owned by the landowner absent an express conveyance of water rights. In this declaratory-judgment action, the lower courts sided

with the hydrocarbon lessee, as do we.” In sum, the court held “that a deed or lease using typical language to convey oil-and-gas rights, though not expressly addressing produced water, includes that substance as part of the conveyance whether the parties knew of its prospective value or not. That being so, if the surface owner actually wants to retain ownership of constituent water incidentally and necessarily produced with hydrocarbons, the reservation or exception from the mineral conveyance must be express and cannot be implied. The conveyances here include no such reservation or exception. Accordingly, we affirm the court of appeals’ judgment that COG, not Cactus, has the right to possession, custody, control, and disposition of the constituent water in the liquid waste from its hydrocarbon production.” [Read more.](#) As noted by the Texas Civil Justice League, this case was “closely watched by oil and gas producers and surface owners” and affirms that produced water “belongs to the producer unless the mineral conveyance expressly reserves ownership to the surface owner.” [Read more.](#) For further legal analysis and case implications, [Read more here](#) and [here.](#)

Mineral Interests; Jurisdiction – Texas Supreme Court.

In mid-June, the Texas Supreme Court agreed to review a case concerning mineral interests in West Virginia. In [Bauer v. Braxton Minerals III, LLC](#) (Case No. 24-0438), the court will be tasked with resolving a dispute over jurisdiction regarding mineral interests outside of Texas. At the appellate level, the court addressed the defendant’s claim that the trial court had no subject matter jurisdiction. The Texas Second Court of Appeals (Fort Worth) began with “the basic principle that Texas courts have no jurisdiction to adjudicate title to real property in other jurisdictions” and “acknowledged that ‘if a Texas court has jurisdiction over the parties, it may enforce a party’s personal or contractual obligation that indirectly involves property in another state.’” The court held that the defendant’s “suit is one that requires the trial court to determine ownership of real property interests in a foreign jurisdiction, which is forbidden.” We will keep members updated as the case proceeds in the Texas Supreme Court. [Read more.](#)

Oil and Gas Financing – Texas Supreme Court.

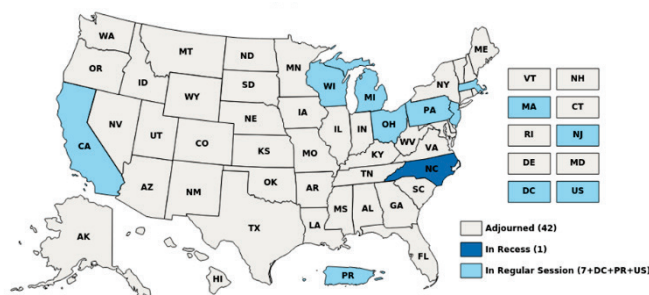
Recently in [American Pearl Group, LLC. v. National Payment Systems, LLC](#) (Case No. 24-0759), the Texas Supreme Court addressed a question regarding Texas usury law and how commercial loan interest is calculated. Writing on the case, law firm Oliva Gibbs said “in the ever-changing world of oil and gas finance, staying informed is crucial for professionals who advise on or support commercial loans vital to industry operations.” And notes that this case “has clarified how interest rates on commercial loans must be calculated under Texas usury law, with significant implications for the oil and gas industry.” In short, the case focused “on the shift from the ‘equal parts’ method to the ‘actuarial method’ for calculating interest” and Oliva Gibbs “explores its relevance to oil and gas lending.” Here, the court held “that if the loan provides for periodic principal payments during the loan term, ‘using the actuarial method’ requires courts to base their interest calculations on the declining principal balance for each payment period.” As noted by Oliva Gibbs, “Oil and gas lending often involves complex commercial loans, such as those for leasing, drilling, or equipment financing, where periodic principal payments are standard. These loans may be secured by oil and gas leasehold interests, production revenues, or other assets, and they can potentially carry high interest rates due to the industry’s volatility. The *American Pearl Group* ruling directly impacts how lenders and borrowers in this sector must assess compliance with Texas usury law.” [Read more.](#)

INDUSTRY NEWS FLASH

► **Trump administration approves oil transport expansion in Utah.** As reported by the *Salt Lake Tribune* on July 7, the “Bureau of Land Management approved the expansion of an oil transloading facility in Carbon County after an expedited review under President Trump’s ‘national energy emergency’ declaration. The expansion of the Wildcat Loadout Facility, which was approved Thursday, will ramp up the amount of waxy crude oil that producers can transport out of the Uinta Basin by 80,000 barrels per day.” [Read more.](#)

LEGISLATIVE SESSION OVERVIEW

States in Session



[Mexico](#), [New York Assembly](#) and [Senate](#), [North Dakota](#), [Oklahoma](#), [South Carolina](#), [South Dakota](#), [Tennessee](#), [Utah](#), [Virginia](#), [Washington](#), [West Virginia](#) and [Wyoming](#).

[Alabama](#) and [Tennessee](#) are currently posting pre-files for the 2026 legislative session. ■

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