

GOVERNMENTAL AFFAIRS REPORT

FEDERAL – Legislative

S. 4718 - American Voices in Federal Lands Act.

On August 24, official bill text was made available for [S. 4718](#), known as the American Voices in Federal Lands Act. Sponsored by Sen. John Barrasso (R-WY), the bill would ensure that the Bureau of Land Management (BLM) public comment process only allows for American citizens to provide feedback on the policies affecting American energy production and federal lands. According to Sen. Barrasso, he is concerned that “Foreign interest groups can infiltrate the system and AI bots can be used to submit fake comments to BLM.” [Read more.](#)

H.R. 7377 – Royalty Resiliency Act. (*Update to 3/18/24 Report*) On September 11, [H.R. 7377](#), known as the Royalty Resiliency Act, passed the Senate. The bill, sponsored by Rep. Wesley Hunt (R-TX), passed the House in July. The measure would amend the Federal Oil and Gas Royalty Management Act to ensure the federal government collects royalties only on resources that have been recovered from federally managed lands. According to law firm Holland & Hart, the bill “mandates the U.S. Department of the Interior to promptly determine the production amounts on which operators owe royalties to the federal government. This change aims to prevent producers from overpaying while awaiting the Bureau of Land Management’s (BLM) approval of communization agreements. Under current law, the Secretary has 120 days to make this determination, but there’s flexibility to extend this deadline by waiving interest on royalty obligations. H.R. 7377 eliminates this exception, assuming the pending communization plan is correct, which would prevent companies from overpaying royalties while interest accrues during the delay. Notably, if the government delays approval, it does not return any interest to the company once the

agreement is finalized.” Of the bill, Independent Petroleum Association of America COO Dan Naatz said, “The Independent Petroleum Association of America applauds Congressman Hunt for passage of H.R. 7377, the ‘Royalty Resiliency Act,’ and appreciates his leadership in fixing reporting issues and closing loopholes in the federal royalty assessment and payment process. IPAA member companies are committed to finding creative solutions to problems that exist within the scope of oil and natural gas production on federal lands. We commend Rep. Hunt for seeking innovative solutions that will enhance the ability of America to continue to have a robust onshore oil and natural gas program and the U.S. Senate for taking quick action on this important piece of legislation.” [Read more.](#)

NEPA Permitting Reform Draft Bill. Rep. Bruce Westerman (R-AR) has released a discussion draft of a bill to amend the National Environmental Policy Act related to permitting reform. The bill is not yet numbered but was subject to a House Committee on Natural Resources hearing on September 11. The American Exploration & Production Council (AXPC) supports the bill and notes it “includes AXPC permit-reform recommendations, including our top priority to set a judicial standard of review specific to NEPA.” [Read the discussion draft here.](#) Among other provisions, the bill would limit NEPA environmental reviews to minimize project delays or increase the risk of litigation; narrow consideration of environmental effects to only those likely to occur in a given area; and eliminate NEPA reviews for projects that are not federal in nature related to federal funding. [Read a detailed bill summary here.](#)

House Committee Hearing on Biden Administration Energy Policies. On September 11, the House Energy & Commerce Committee Subcommittee on Energy, Climate, and Grid Security held a hearing titled, “From

Gas to Groceries: Americans Pay the Price of the Biden Harris Energy Agenda.” The hearing examined “the broad impacts of the elevated price levels for energy and power over the past four years, the ramifications of those elevated price levels, and what may be done to address them.” According to the hearing memo, “Energy, including fuels and electric power, are key components of the goods and services that households and businesses rely upon. Constraints on the expansion of energy supplies and power generation, along with policies that increase the costs and reliability of delivered energy, have significant impacts on household and business spending, which determines what families and businesses can afford.” To access a full video recording of the hearing and witness testimony, [Read more](#).

House Committee Legislative Hearing on Energy Bills. On September 11, the House Committee on Natural Resources held a legislative hearing on the following bills: [Discussion Draft to amend the National Environmental Policy Act of 1969](#) related to permitting reform; [H.J. Res. 168](#), providing for congressional disapproval Council on Environmental Quality rulemaking implementing National Environmental Policy Act regulations; and [H.R. 6129](#), “Studying NEPA’s Impact on Projects Act,” and which requires the White House Council on Environmental Quality to publish an annual report on environmental reviews and causes of action based on compliance with the National Environmental Policy Act. To access a full video recording of the hearing and witness testimony, [Read more](#).

FEDERAL – Judicial

Offshore Oil and Gas Production – Maryland.

On August 19, the U.S. District Court for the District of Maryland issued a summary judgment opinion in, [Sierra Club v. National Marine Fisheries Service](#) (Case No. 8:20-cv-03060-DLB) in the Gulf of Mexico Oil and Gas Activities Biological Opinion (BiOp) case. As reported by the Independent Petroleum Association of America, “Environmental organizations, represented by Earthjustice, sued the federal government, asserting several legal claims challenging BiOp. The court granted

some of the plaintiffs’ claims, ruling that the BiOp did not comply with the Endangered Species Act (ESA) and the Administrative Procedure Act (APA) in certain respects largely because the agency failed to provide sufficiently detailed explanations for its work.” As reported by the *Oil & Gas Journal*, the court “found that the National Marine Fisheries Service’s (NMFS) biological opinion for oil and gas drilling in the Gulf of Mexico fails to protect the endangered Rice’s whale. The court said it would allow the biological opinion on Gulf of Mexico leasing to lapse on Dec. 20, 2024, if NMFS fails to complete a new one. NMFS told the court that it probably will not complete the new biological opinion until early spring 2025.” [Read more](#). According to the IPAA, “With the current ruling, a wide and substantial swath of offshore oil and gas operations and activities could be shut down on December 20, 2024, unless a legal, regulatory or legislative solution that prevents a gap between biological opinions is in place before then. This would include those with past leases at the time the 2020 opinion was issued, regardless of when the lease was awarded, in addition to actions associated with new leases through approximately 2030.” [Read a detailed IPAA case fact sheet here](#). On September 10, the Energy Workforce & Technology Council, IPAA, U.S. Oil and Gas Association, National Ocean Industries Association, Western Energy Alliance, and the International Association of Drilling Contractors issued a statement about the case. [Read the press release here](#). And on September 11, the American Petroleum Institute, EnerGeo Alliance, and National Ocean Industries Association filed an appeal in the case. [Read the appeal here](#). You can also [read more about the appeal here](#).

STATE – Legislative

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

STATE – Regulatory

Independent Contractor Regulations Update – Montana. On August 24, updates to the Montana Department of Labor and Industry rules went into effect. Those changes involve, among other sections, the existing independent contractor exemption certificate, notices from the Department, certificate renewal, as well as amendments to misclassification penalties. [Access the Department rule updates here](#). For more information about the Montana rulemaking process, [read more here](#).

Air Quality Bureau Civil Penalty Update – New Mexico. On September 6, the New Mexico Environment Department (NMED) announced that the Air Quality Bureau has revised its Civil Penalty Policy. According to the NMED, “The revised policy includes three main changes. (1) A new section explains that, while not a penalty, the Bureau will assess administrative compliance costs which are only to cover the additional cost of enforcement actions for noncompliant facilities or companies; (2) A new Appendix C adds specific requirements, including written agreements, prior to approval of audits related to Appendix D voluntary disclosures; and (3) Increased penalties aim to deter noncompliance and encourage consistent compliance across companies and regulated entities. The Civil Penalty Policy is internal guidance, intended to assure consistency in assessing penalties.” The policy became effective on September 4, 2024. [Read more](#). For more information about the Civil Penalty Policy, you may [visit the NMED Air Quality Bureau Compliance and Enforcement website here](#).

Updated Oil & Gas Conservation Rules – Oklahoma. To follow up our 2023 reporting, on October 1, updated Oil & Conservation rules from the Oklahoma Corporation Commission (OCC) will go into effect. According to the OCC, “The adopted rules streamline and clarify the Oil & Gas Conservation rules, update requirements for certain prescribed forms, clarify requirements regarding notice under pooling orders, and add special area rules for horizontal wells in designated areas.” [Access the rulemaking \(with new](#)

[sections underlined\) here](#). For a more detailed summary of the original rulemaking proposal, [read the OCC notice here](#). For further documents related to this rulemaking, you may access the OCC proposed rulemaking website, Chapter 10 Proposed Rules, [here](#).

Railroad Commission Proposed Rulemaking – Texas. (*Update to 8/19/24 Report*) UPDATE – On September 6, the Texas Railroad Commission (RRC) announced it has extended the public comment period through October 15, 2024, for the following waste management proposed rulemaking. [Read more](#). For background, on August 15, the RRC voted unanimously in favor of proposed rulemaking including a “new Chapter 4, Subchapter A, and amendments to [Chapter 4, Subchapter B](#), and various rules in Chapter 3, including [§3.8](#) and [§3.57](#), regarding oil and gas waste management.” ([For new Chapter 4 proposed rules, see p. 5 of the proposed rules here](#).) Section 3.8 specifically relates to water protection and Section 3.57 relates to reclaiming tank bottoms, other hydrocarbon wastes, and other waste materials. [Access the proposed rulemaking here](#). According to the RRC, “The amendments pertain to not only waste from oil and gas operations, such as rock and other material pulled up from the ground during drilling, but also encapsulate waste from other operations for which the Legislature has given the RRC jurisdiction. Examples include geothermal, carbon sequestration and brine mining wells.” [Read the RRC press release here](#). The public comment period was originally open through September 30, 2024. [Access the RRC public comment portal here](#).

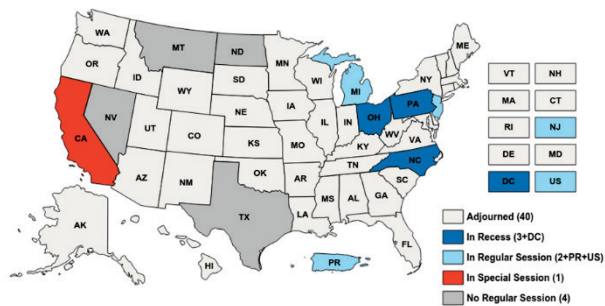
INDUSTRY NEWS FLASH

► **OPEC+ extends production cuts.** OPEC+ members announced they are extending existing oil production cuts for two months. As reported by the *Oil & Gas Journal*, “The eight participating countries agreed to extend the cuts of 2.2 million b/d until the end of November 2024, after which, the cuts will be phased out on a monthly basis as scheduled starting Dec. 1, 2024, stretching to November 2025, with the

flexibility to pause or reverse the adjustments as necessary.” [Read more.](#)

LEGISLATIVE SESSION OVERVIEW

States in Session



Session Notes: Michigan, Ohio, and Pennsylvania are in regular session. The U.S. Congress is in regular session.

The following states are in recess until the dates provided: the **Pennsylvania** Senate (September 16) and House (September 23) and **Ohio** (November 13).

North Carolina passed an [adjournment resolution](#) that calls for the regular session to reconvene periodically through December. The legislature adjourned a session on September 11 and plans to reconvene on October 9.

California Democratic Gov. Gavin Newsom [called](#) the legislature into a special session immediately following its adjournment on August 31. According to the [Associated Press](#), Governor Newsom called the session to debate measures that would reduce gas prices. Californians pay the highest gas prices in the country and Newsom said the special session is necessary to “prevent price spikes next year and beyond.”

West Virginia Republican Gov. Jim Justice announced a special session that will start on September 30. According to [WBOY-12](#), the special session will focus on tax cuts, childcare support and supplemental fund appropriation. Governor Justice said, “I promised you that I would stand up and fight like crazy for you in

trying to get another 5 percent tax cut for you. I promised you I would try to help out with childcare, and, absolutely, try to get our tax break across the finish line with childcare.” Lawmakers plan to provide a five percent income tax cut and create subsidies for childcare costs.

Signing Deadlines (by date): **California** Democratic Gov. Gavin Newsom has until September 30 to act on legislation or it becomes law without signature. **Alaska** Republican Gov. Mike Dunleavy has 20 days from presentment, excluding Sundays, 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.

The following states are currently holding interim committee hearings or studies: [Alabama](#), [Alaska](#), [Arizona](#), [Arkansas](#), [California House](#) and [Senate](#), [Colorado](#), [Connecticut](#), [Georgia](#), [Hawaii](#), [Idaho](#), [Illinois House](#) and [Senate](#), [Indiana](#), [Kansas](#), [Kentucky](#), [Louisiana](#), [Maine](#), [Maryland](#), [Minnesota](#), [Mississippi House](#) and [Senate](#), [Missouri House](#) and [Senate](#), [Montana](#), [Nebraska](#), [Nevada](#), [New Hampshire House](#) and [Senate](#), [New Mexico](#), [New York Assembly](#), [North Dakota](#), [Oklahoma House](#) and [Senate](#), [Oregon](#), [Rhode Island](#), [South Carolina](#), [South Dakota](#), [Tennessee](#), [Texas House](#), [Utah](#), [Vermont](#), [Virginia](#), [Washington](#), [West Virginia](#) and [Wyoming](#).

The following states are currently posting 2024 bill drafts, pre-files and interim studies: [Alabama](#), [Florida](#), [Iowa](#), [Nebraska](#), [Nevada](#), [New Hampshire](#), [North Dakota](#), [Oklahoma House](#) and [Senate](#) and [Utah](#). ■

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