



Eyes on Texas & Washington

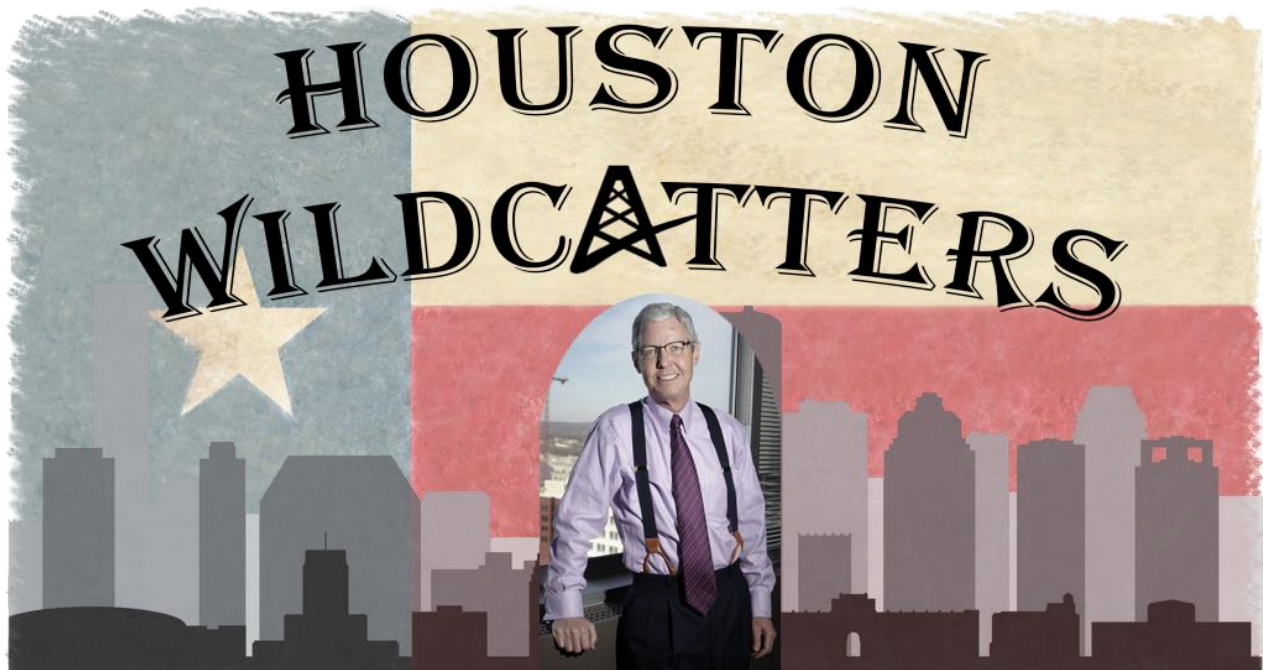
A publication of the Texas Alliance of Energy Producers
May 5, 2017

Houston Wildcatters Honor Cimarex Energy Company

The Texas Alliance of Energy Producers' Houston Wildcatters event will be Monday, May 15 from 5:30 pm-7:00 pm when we honor Cimarex Energy Company from Denver. Cimarex has its headquarters in Denver and offices in Midland and Tulsa. Most of their operations are in the Permian and Mid-Continent.

Tom Jordan was named President & CEO of Cimarex in September 2011 and Chairman of the Board in August 2011. Mr. Jordan previously served as Executive Vice President of Exploration since the formation of Cimarex in September 2001 and held that same position at Key Production Company, Inc., Cimarex's predecessor. He joined Key in November 1993 and became Vice President of Exploration. Prior to joining Key, Mr. Jordan was with Union Pacific Resources and Superior Oil Company. He graduated from Colorado School of Mines where he earned B.S. and M.S. degrees in Geophysics. Mr. Jordan serves as Chairman of the Board of Trustees for the Colorado School of Mines.

Also planning to attend will be senior management team members including Joe Albi, John Lambuth, Mark Burford, Stephen P. Bell, and Krista Johnson.



CLICK HERE to register: <https://www.regonline.com/houstonwildcattersmay15>

Senate Committee Approves RRC Sunset Bill

The Senate Natural Resources Committee voted out the Railroad Commission's Sunset Bill on May 2.

Alliance Executive Vice President John Tintera testified before the committee that the Legislature should reauthorize the Texas Railroad Commission by approving legislation introduced by the Sunset Advisory Committee. The House approved the bill, HR 1818, in March.

Tintera said regulatory competence and stability vital to industry. It allows science and fact and due process to predominate instead of a political ideology.

The RRC has never been more important to the State as industry re-enters an expansion phase.

"As the federal government evaluates regulatory reform, the RRC will be ready to assume the federal delegations and responsibilities that may come their way," he said.

The Alliance and PPROA have been very vocal about federal over reach, he said. "This stance does not mean we are opposed to regulation, we are opposed to regulation without representation by a hostile federal bureaucracy."

"This Sunset bill ensures the regulatory framework necessary for safe and prosperous oil field development," Tintera said.

Eight potential amendments were introduced in committee. Even though they were immediately pulled down, it is likely they will be introduced on the Senate floor. The potential amendments include:

Amendment #1 - Requirement that the RRC create a searchable database

Amendment #2 - Strikes the provision that prohibits awarding to contractors unless they use E-verify

Amendment #3 - To rename the Texas Railroad Commission

Amendment #4 - Limits the amounts and timing of political contributions made to Commissioners

Amendment #5 - Increase of violation penalties from \$10,000 per violation per day to \$25,000 per violation per day

Amendment #6 - Documentation, prevention, and reporting of unpermitted discharges

Amendment #7 - Authorize the RRC to authorize municipalities to inspect facilities used in oil & gas operations

Amendment #8 - Permits cities in hurricane zones to adopt and enforce sub-surface safety valve measures to prevent spills until the RRC adopts the state-wide rule

HB 1818 is eligible to be heard by the full Senate on May 8.

If substantial changes are made to the bill on the Senate floor, it may result in a conference committee which includes members of the Senate and House in an effort to reconcile the differences in the two versions of the bill.

However, Chairman Estes and the Senate sponsor Sen. Van Taylor have vowed to keep the bill clean and pass it without amendments, and it seems unlikely that there will be enough support in the Senate to add the potential amendments.

Texas Senate Approves FRED Resolution

The Texas Senate has voted out a resolution endorsed by the Alliance, calling on the federal government to work with Texas in unraveling the harmful, overreaching regulations aimed at negatively impacting the oil and gas industry.

Senate Concurrent Resolution 26 filed by Senate Natural Resources Chairman Craig Estes (R- Wichita Falls) strongly urges Congress and the new administration to closely review these onerous regulations in order to determine whether the rules should be revised, repealed or alternatively, delegated back to the states to implement and enforce.

The Alliance's Executive Vice President John Tintera testified before the Senate Natural Resources Committee encouraging lawmakers to approve the measure and support state delegation. Tintera and the Alliance's government relations team have been working diligently with state lawmakers, as well as federal representatives and national trade groups, through the Alliance's Federal Regulatory Energy Delegation (FRED) Committee to seize the opportunity to alleviate the massive regulatory burdens that have stunted the growth of the oil and gas industry in our state.

A similar resolution, House Concurrent Resolution 84, has also been filed in the House of Representatives by House Energy Resources Chairman Drew Darby (R- San Angelo).

In the House, Representative Darby introduced HCR 84 on Feb 24, 2017. The bill urges Congress to identify federal regulatory programs that harm the Texas oil and gas industry and delegate relevant regulatory responsibilities to state agencies. As of today, it still resides in the House Committee.

Alliance staff will continue our discussion with Texas legislators to help the House version pass out of Committee in a vote that may occur during the week of May 8.

The FRED committee continues to meet by phone weekly during the Alliance corporate issues meetings to discuss issues and priorities. Interested members are welcome to participate. Alliance staff is also having discussions with national oil and gas associations as well as our Texas Congressional representatives to keep this issue on the front burner of energy discussions.

The full text of [Senate Concurrent Resolution 26](#) and [House Concurrent Resolution 84](#) are available online.

Texas House Schedule

MAY 8 - *Last day for House committees to report House bills and joint resolutions*

May 9 10 PM - *last House Daily Calendar w/ HBs, HJRs must be distributed*

May 10 9 AM - *last House L&C Calendar with consent HBs must be distributed*

May 11 - *Last day for House to consider 2nd Reading HBs / HJRs on Daily or Supplemental Calendar*

May 12 - *Last day for House to consider consent HBs on 2nd & 3rd reading & ALL 3rd reading HB/HJR.*

Legislation Status Report As of May 5, 2017

On Calendar

HB 1774 by G Bonnen - Relating to actions on and liability associated with certain insurance claims. (HCS)
NEUTRAL

Set on House Calendar

SB 1046 by Estes - Relating to sources of funding for the Texas emissions reduction plan. (FIL) **SUPPORT**

Set on Senate Calendar

HB 2277 by Darby - Relating to fixing the median cost of high-cost gas wells. **SUPPORT**

Set on House calendar

HB 3232 by Darby - Relating to the penalty imposed on certain delinquent oil and gas severance taxes.

SUPPORT

Set on House Calendar

HB 891 by Raymond - Relating to creating an offense for certain unauthorized transactions involving oil, gas, or condensate. **SUPPORT**

Set on Calendar

HB 2780 by Paddie - Relating to the purchase of iron and steel products made in the United States for certain governmental entity projects. (HCS) **NEUTRAL**

Set on Calendar

HB 129 by Craddick - Relating to the manner in which a payor of proceeds derived from the sale of oil or gas production is required to provide certain information to a royalty interest owner. **SUPPORT**

Set on calendar for Saturday, 5/6

HB 3854 by Morrison - relating to the movement of certain vehicles transporting an intermodal shipping container; authorizing a fee; creating an offense. (FIL) **SUPPORT**

Set on Calendar for Saturday, 5/6

HB 1818 by Gonzales - Relating to the continuation and functions of the Railroad Commission of Texas; providing for the imposition of fees. **SUPPORT**

Placed on Senate Intent Calendar 5/8

Conference Committees

SB 1 by Nelson/Zerwas - General Appropriations bill (MONITOR)

Reported from House Committee/In House Calendars Committee

SB 26 by Estes - Relating to the Texas emissions reduction plan and other related programs and measures to reduce emissions. **SUPPORT**

Passed from House Environmental Regulation Committee 5/4

HB 4231 by White - relating to allocating a portion of oil and gas production tax revenue to the counties from which the oil and gas originated. **SUPPORT**

HB 2753 by Reynolds - relating to the analysis of inspection and maintenance requirements for air quality permits issued by the Texas Commission on Environmental Quality for certain oil and gas facilities. (FIL) **OPPOSE**

HB 3201 by Darby - relating to the designation of a well as a two-year inactive well or three-year inactive well for purposes of the oil and gas severance tax exemption. **SUPPORT**

HB 3471 by Y Davis - relating to a sales tax refund or severance tax credit for sales tax overpayments by certain oil or gas severance taxpayers. **SUPPORT**

SB 1305 by Nichols - Relating to the abolishment of the transportation infrastructure fund and the grant program using money from the fund. **SUPPORT**

SB 1871 by Zaffirini - relating to the creation of the offense of theft of petroleum products. **SUPPORT**

HB 3198 by Darby - Relating to liability for the additional tax imposed on land appraisal for ad valorem open space land in the event of a change in use of the land as a result of oil and gas operations. **SUPPORT**
Recommended for Local and Consent 5/1

Reported from Senate/Received in the House

SB 1979 by Schwertner - Relating to liability for the additional tax imposed on land appraised for ad valorem tax purposes as agricultural land if the use of the land changes as a result of a condemnation. (FIL) **NEUTRAL**
Passed on Senate local 5/4

SB 740 by Kolkhorst - relating to the acquisition of property by an entity with eminent domain authority. (SCS)
Received in House 5/3

SB 862 by Perry - relating to the award of attorney's fees and other costs in certain proceedings involving a groundwater conservation district. (SCS) **SUPPORT**
Received in House 5/3

SB 2100 by Garcia - Relating to a study of the fees charged by the Railroad Commission of Texas. **OPPOSE**
Received in House 4/26 (Monitor Committee referral)

SCR 26 by Estes - Recognition that this period in our nation's history represents an opportunity for Texas to work with leadership of the federal government to transcend partisan politics and correct misuses of federal power. **SUPPORT**
Received in House 4/11 (Work House State/Federal Power Committee)

Reported from House/Received in Senate

CSHB 2715 by Darby - Relating to the composition and use of money in the oil and gas regulation and cleanup fund. **SUPPORT**

Passed House 5/3

HB 2377 by Larson - Relating to the development of brackish groundwater. (HCS)**SUPPORT**

Passed House 5/4

HB 2819 by Darby - Relating to establishing an Advisory Committee for the TexNet Monitoring Program.

SUPPORT

Passed on Local Calendar for Thursday 5/4

Pending in House Committee

HB 237 by Anchia - Relating to the name and governance of the Railroad Commission of Texas. **OPPOSE**

Heard in House Energy Resources 4/3

HB 247 by Anchia - Relating to the posting by the Railroad Commission of Texas on its Internet website of certain enforcement information. **OPPOSE**

Heard in House Energy Resources 4/3

HB 464 by Anchia - Relating to the acceptance of political contributions by a member of the Railroad Commission of Texas and of political contributions made in connection with the office of railroad commissioner. **OPPOSE**

Heard in House General Investigating and Ethics 3/30

HB 642 by Phillips - Relating to the name of the Railroad Commission of Texas. **NEUTRAL** ***Heard in***

House Energy Resources 4/3

HB 2684 by Burns - relating to the acquisition of property by an entity with eminent domain authority; waiving certain sovereign and governmental immunity **OPPOSE**

Heard in House Land and Resource Management 4/12

HB 3466 by T King - Relating to the appraisal for ad valorem tax purposes of dealer's heavy equipment inventory and the prepayment of taxes on that inventory. **OPPOSE**

Heard in Ways and Means 4/12

HB 2621 by Darby - Relating to state and local tax incentives for certain enhanced recovery projects.

NEUTRAL

Heard in House Energy Resources 5/3.

Texas Legislators Among Lowest Paid

As the 85th Texas Legislature draws to a close on May 29, the question came up as to how much members of the Texas House and Senate are paid?

The answer is \$7,200 per year plus \$150 per day they are called to action. Salaries paid in other states are:

- Arkansas - \$15,869 per year plus \$148 per day plus mileage.
- Georgia - \$17,341/yr plus \$175/day
- Idaho - \$16,438/ yr plus \$122/day
- Kansas - \$88.66/day plus \$129/day

- Louisiana - \$16,800/yr plus \$153/day
- Mississippi - \$10,000/yr plus \$123/day
- South Carolina - \$10,400/yr plus \$140/day

Which states pay their legislators the highest salaries? You guessed it: California with \$90,526 per day plus \$143 per day during the session and New York with \$79,500 per year and \$172 per day.

Appeals Court Agrees To Delay Legal Action Against Clean Power Plan

The U.S. Court of Appeals for the District of Columbia Circuit on April 28 agreed to temporarily freeze proceedings over President Obama's Clean Power Plan while the Trump administration considers scrapping the rule.

Many state and industry groups, including the Texas Alliance of Energy Producers, challenged the legality of the Clean Power Plan. The court's ruling only delays arguments, but it gives the Trump administration more time to decide if they want to pursue defending the Clean Power Plan.

Industry sought an indefinite hold on the case while EPA decides a path forward. However, the court's ruling puts a 60-day hold on arguments. The court directed both sides to submit briefs addressing the issues of continuing the lawsuit.

Hanging in the balance is an existing Supreme Court stay of the rule. The high court decided in February 2016 to freeze implementation of the Clean Power Plan while litigation plays out. If the D.C. Circuit agrees to put the litigation on hold indefinitely, the Supreme Court stay would remain in effect during that time. If the D.C. Circuit decides to remand to EPA and close the case, the stay would be lifted.

New Scientific Study Finds CO2 Is Not A Pollutant

Efforts to reverse the environmental overreach implemented by the Obama administration continue at the White House, in the halls of Congress, within the courts, and among academia.

Overreach exploded in 2009 when the Environmental Protection Agency (EPA) declared that carbon dioxide, also known as CO₂, is a pollutant and poses a "danger" to human health and welfare, and, therefore, it must be regulated. This has become known as EPA's "endangerment finding," which was used as a basis for many of its regulations on fossil fuels during the past eight years.

A new study published recently by three veteran researchers reveals that "EPA's basic claim that CO₂ is a pollutant is totally false."

The authors – Drs. Jim Wallace, John Christy and Joe D'Aleo – stated there is "very, very little doubt but that EPA's claim of a Tropical Hot Spot, caused by rising atmospheric CO₂ levels, simply does not exist in the real world."

The study stated after naturally occurring events – solar, volcanic, and oceanic - have been accounted for, there is no "record setting" warming to be concerned about.

“At this point, there is no statistically valid proof that past increases in atmospheric CO2 concentrations have caused the officially reported rising, even claimed record setting temperatures.”

The study was completed on behalf of the Concerned Household Electricity Consumers Council. It has been filed with the EPA. The council has asked EPA to reconsider its endangerment finding.

Many critics of EPA’s endangerment findings point out that the findings are lacking in scientific basis, and consist primarily of models showing how EPA thinks the atmospheric heat transfer system works.

U.S. Rep. Lamar Smith (R-Tx.), chairman of the Science, Space, and Technology Committee, has asked EPA for the scientific studies used to justify its endangerment finding, but EPA has not been forthcoming.

President Trump has issued several executive orders delaying implementation of some of the regulations issued by the previous administration, and new EPA Administrator Scott Pruitt has issued directives to re-examine policies and directives.

Many states and industry groups filed multiple lawsuits against the strict air emission regulations, which are still working their way through the legal system. Just last week, the U.S. Court of Appeals for the D.C. Circuit agreed to postpone a ruling on a lawsuit against the Clean Power Plan. In the U.S. Senate, a group of Senators seek to pass a bill repealing an Obama-era climate change rule.

The House passed a resolution months ago to repeal an Interior Department methane emission rule for the oil and natural gas industry, but the bill has languished in the Senate.

"The rule is entirely unnecessary," a letter to fellow Senators stated. "The EPA found that methane emissions fell by 13 percent from 2011-2014. The EPA also found that methane emissions from hydraulic fracturing fell 81 percent between 2012 and 2014. This drop in methane emissions occurred even as U.S. oil and gas production has significantly increased due to the shale revolution."

The debate over the criteria EPA used to justify the implementation of regulations that will have far-reaching impact on the lives of Americans for years to come continues through the legal and legislative process. It is certain, however, that the new scientific study proclaiming that CO2 is not a pollutant will be a major player in that debate.

Gasoline Tax Increase Mentioned As Part Of Tax Reform

(Bloomberg)—President Donald Trump said he’s willing to raise the U.S. gas tax to fund infrastructure development and called the tax-overhaul plan he released last week the beginning of negotiations.

“It’s something that I would certainly consider,” Trump said May 1 in an interview with Bloomberg News in the Oval Office, describing the idea as supported by truckers “if we earmarked money toward the highways.”

Trump released a tax plan on April 26 that would cut the maximum corporate tax rate to 15 percent from the current 35 percent. The same reduced rate would apply to partnerships and other “pass-through” businesses.

He said he is willing to lose provisions of his tax plan in negotiations with Congress but refused to specify which parts. He also repeated his call for a “reciprocal tax,” which would be aimed at imposing levies on imports to match the rates that each country charges on U.S. exports. “Everything is a starting point,” Trump said of his tax plan.

The Trump proposal also would eliminate the alternative minimum tax and the estate tax, cut individual income-tax rates and repeal an investment-income tax for high earners, fulfilling a conservative wish list from the past several years.

The one-page plan was silent on both a gas tax or the notion of a reciprocal tax. Trump said he has made no commitments on an increased gas tax but, “it’s something I would certainly consider.”

The nonpartisan Committee for a Responsible Federal Budget released a rough analysis saying the plan could cost \$3 trillion to \$7 trillion over the next decade -- though White House Budget Director Mick Mulvaney dismissed cost estimates of the plan on CNBC last week, saying there’s not enough detail for accurate projections.

Because the tax legislation would be unlikely to gain Democratic senators’ support, GOP leaders plan to use a procedure that would allow the measure to pass on a simple majority vote. But under that procedure, legislation can’t add to the federal deficit beyond the normal 10-year federal budgeting window.

So unless the tax plan balances any tax cuts with enough revenue-raising measures, such as ending exemptions, deductions and credits, the cuts would have to be temporary, possibly expiring within three years, based on a finding last month by the congressional Joint Committee.

Senators Propose ESA Reform, Transfer Of Power To State Level

Special from IPAA: U.S. Senators Rand Paul (R-KY) and Dean Heller (R-NV) reintroduced the [Endangered Species Management Self-Determination Act](#) this week to grant governors authority to manage federally protected species found within their state.

According to [Sen. Paul](#), “We can better protect endangered species by empowering state leaders to implement a strategy more tailored to their specific circumstances. Instead of continuing Washington’s ‘one-size-fits-all’ approach to regulation, this bill puts local needs first and guards against bureaucratic overreach.” The bill mandates congressional approval before listing a species as endangered or threatened, and allows the states to determine how they want to address threats to imperiled species such as sage grouse. As [E&E News](#) reports, the bill would also “require federal power marketing administrations to include the direct and indirect costs of complying with the ESA on customers’ monthly electricity bills.”

The bill has received pushback from groups like the [Center for Biological Diversity](#), which stated it “will make it much harder for species on the brink of extinction to get the protection they desperately need.”

SAGE GROUSE BENEFIT FROM CONIFER REMOVAL. A new report funded by the U.S. Bureau of Land Management and the U.S. Department of Agriculture Natural Resources Conservation Service analyzes the impacts of conifer removal on Greater sage grouse population recovery. According to [the report](#), “this is the first study to link sage-grouse demographics with conifer removal and supports recommendations to actively manage conifer expansion for sage-grouse conservation. Sage-grouse have become a primary catalyst for conservation funding to address conifer expansion in the West, and these findings have important implications for other ecosystem services being generated on the wings of species conservation.”

Encroaching juniper – a common coniferous plant – can both limit the growth of sagebrush and frighten grouse populations. Christian Hagen, an avian ecologist at Oregon State University and a co-author of the study, stated in [KTVZ News 21](#) that “the arrow is pointing in the right direction. The grouse are finding these areas where the juniper was taken out much more quickly than we anticipated.”

ENVIROS ATTACK NEW ECOSYSTEM RESTORATION BILL. This month, U.S. Sen. John Barrasso (R-Wyo.) [reintroduced legislation](#) that “directs the Forest Service to prioritize and carry out ecosystem restoration projects on National Forest System (NFS) land.” The [National Forest Ecosystem Improvement Act of 2017](#) lists its objectives as “restoring terrestrial habitat, carrying out a needed timber stand improvement, reducing the risk or extent of insect or disease infestation, or reducing wildland fire severity potential.”

Some argue the bill prioritizes logging over the well-being of threatened and endangered species that live within the NFS. Groups like the [Center for Biological Diversity](#) claim the bill is a way for industry to bypass the oversight of Fish and Wildlife Service (FWS).

INFRASTRUCTURE BILLS ADVANCE IN HOUSE. [E&E News](#) (sub req’d). The House Natural Resources Committee advanced 13 bills, several of them related to infrastructure projects. The measures, which the panel reported out along party lines, range from streamlining the federal permitting process to shoring up the electricity grid and boosting the use of hydroelectric power. The markup was the committee's first of the 115th Congress. "These bills represent one part of the committee's contributions to broader infrastructure legislation being developed in the House and Senate," said Chairman Rob Bishop (R-Utah). "We anticipate reviewing additional legislation in the coming weeks." But ranking member Raúl Grijalva (D-Ariz.) argued that the measures represent "environmental deregulation bills disguised as infrastructure planning." The Arizona Democrat contended that several of the infrastructure bills under considering sought to undermine environmental laws, such as the Endangered Species Act and the National Environmental Policy Act. The other specific bills Grijalva criticized were H.R. 1769, H.R. 1807 and H.R. 1873.

REMOVAL OF WYOMING’S GRAY WOLVES FROM ENDANGERED SPECIES LIST FINAL STEP IN HISTORIC RECOVERY ACROSS NORTHERN ROCKIES. [U.S. Fish and Wildlife Service](#) (Press Release). Recovery of the gray wolf in the Northern Rocky Mountains is one of our nation’s greatest conservation success stories. Today, that success was re-affirmed with the filing by the U.S. Fish and Wildlife Service of a notice again delisting the species in the state of Wyoming. Wolves have already been delisted throughout the rest of the Northern Rockies population. “Our action today delisting the wolf in Wyoming puts the last puzzle piece of Northern Rocky Mountain wolf conservation back in place,” said Acting Service Director Jim Kurth. “The result is a complete picture of success in wolf conservation across the region, restoring management of this recovered population to the state’s wildlife professionals.” The Service’s action was in response to a final decision by the U.S. Court of Appeals for the D.C. Circuit overturning an earlier U.S. District Court decision vacating the Service’s 2012 delisting rule for Wyoming wolves. The court’s decision recognizes the recovered status of gray wolves and affirms the Service’s determination that the state’s regulatory mechanisms are sufficient for conserving wolves under its authority. The Service will continue to monitor the population for the next five years to ensure recovery criteria are met.

FRACTIVIST SUGGESTS HARMING OIL AND GAS WORKERS. [The Colorado Springs Gazette](#), editorial. The Boulder Daily Camera published a letter to the editor April 19 that recommended bombing fracking sites to "eliminate fracking and workers." Here is an excerpt: "If the oil and gas industry puts fracking wells in our neighborhoods, threatening our lives and our children's lives, then don't we have a moral responsibility to blow up wells and eliminate fracking and workers?" wrote Andrew J. O'Connor, who is trying to get an anti-fracking measure on November's ballot. In an interview with Dan Njegomir, of ColoradoPolitics.com, O'Connor escalated his defense of violence toward workers. "I wouldn't have a problem with a sniper shooting one of the workers" at a drilling site, O'Connor said, arguing he was not specifically calling anyone to carry out any such act. "I see fracking as murder, and there's medical and scientific evidence of that." Actually, there is not. A recent study by the Colorado Department of Health and Environment analyzed 10,000 air samples taken from the immediate vicinity of fracking wells and found concentrations of toxins lower than limits set by the EPA. Contamination of water has been negligible and rare, as have lethal drilling site accidents. We find no lethal danger associated with fracking, aside from unhinged left-wing activists hoping for snipers and bombs.

O'Connor and the Daily Camera have lost credibility in the fracking debate. If O'Connor gets his measure on the ballot, vote it down. It is the product of a man who justifies bullets and bombs in his war against oil and gas products all of us use.

MAN WHO WROTE ABOUT 'ELIMINATING' FRACKING EMPLOYEES NOW WANTS HIS OWN PROTECTION. [NBC 9 News](#). The anti-fracking activist from Boulder County who suggested blowing up wells and "eliminating" energy workers is now asking for protection. Andrew O'Connor confirmed to Next anchor Kyle Clark that he asked for his anti-fracking ballot measure hearing to be done by phone, because he fears for his own safety. Clark called O'Connor to ask about the hearing, following Next's report on his comments made in a Boulder Daily Camera editorial, in which he said wells should be blown up, and fracking workers should be "eliminated." The Secretary of State's Office already wanted to security present at the hearing, following O'Connor's own comments. O'Connor told 9NEWS reporter Brandon Rittiman that he was not advocating for violence, just for blowing up wells. Yet, Andrew O'Connor ratcheted up the rhetoric again on Wednesday, telling the website ColoradoPolitics.com that he wouldn't have a problem with snipers shooting workers at a fracking site. When Clark asked further about that comment on Wednesday, O'Connor hung up the phone.

DUKE FRACKING STUDY FINDS NO CONTAMINATION OF GROUND WATER DUE TO FRACKING. [The Exponent Telegram](#). Fracking has not contaminated groundwater in Northwestern West Virginia, according to a recently released study by scientists at Duke University. "The study was able to measure a very wide range of chemical tracers in wells before and after fracking in West Virginia," said Avner Vengosh, professor of geochemistry and water quality in Duke's Nicholas School of the Environment. Vengosh was in charge of the project. "Basically, the bottom line is that we do not see an effect of fracking on the groundwater quality," he said. The peer-reviewed study was published this month in *Geochimica et Cosmochimica Acta*, a European academic journal on geochemistry. To conduct the study, Duke scientists worked with researchers from The Ohio State University, Pennsylvania State University and the French Geological Survey. The researchers collected samples from 112 drinking wells in the northwestern region of the state over the course of three years. Twenty wells were sampled before any drilling or fracking in order to serve as a control.

EIA: Crude Oil Inventories Drop

Crude oil futures for June delivery on the NYMEX closed at \$47.82 per barrel on May 3 following the release of oil storage figure by the Energy Information Administration (EIA) that showed a slight decline.

EIA said weekly crude inventories fell by 930,000 barrels to 527.8 million barrels, less than half the forecast draw of 2.3 million barrels. The session low for US crude was close to a 50% retracement of the rally that started on August 3, 2016. EIA also said gasoline stocks rose 191,000 barrels, much less than the predicted 1.3 million-barrel gain. However, gasoline demand slipped 2.7% over the last four weeks from the same period a year ago.

Total US petroleum demand rose to almost 19.9 million bpd and the highest since March 3.

Rig Count Continues Upward

The rig count increased again last week to almost doubling the number of active rigs running during the same week last year. The onshore rig count last week stood at 849 up from 391 during the same week in 2016, according to Baker Hughes.

A majority of the rigs were drilling for oil (697) compared to 171 drilling for gas, and 730 were horizontal, 77 vertical and 63 directional.

The Permian Basin continues to have the most rigs running (342) and the Eagle Ford had 83.

Saudis Take 100% Control Of America's Largest Oil Refinery

Saudi Aramco has taken 100% control of the sprawling Port Arthur refinery in Texas, completing a deal that was first announced last year. The Gulf Coast facility can process 600,000 barrels of oil per day, making it the largest refinery in North America.

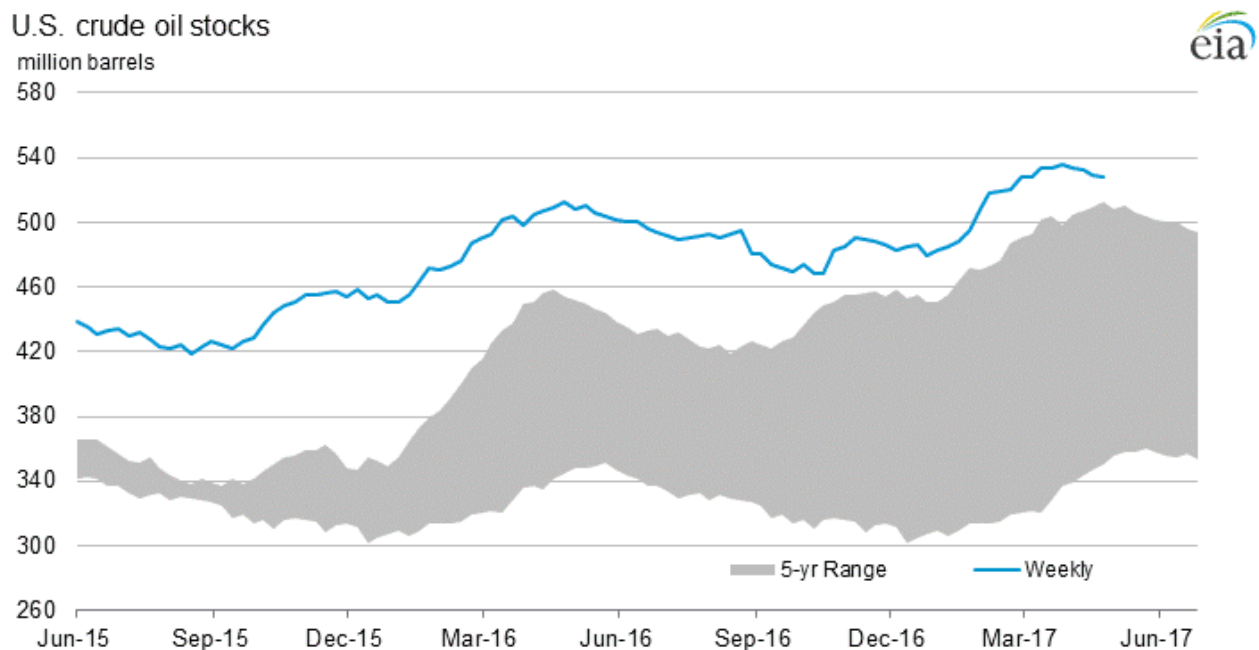
Aramco previously owned 50% of Port Arthur through a joint venture co-owned with Royal Dutch Shell called Motiva Enterprises. But the two oil giants had a rocky relationship and reached a deal in March 2016 to separate their assets.

In addition to Port Arthur, Aramco is acquiring full ownership of 24 distribution terminals. Aramco also gets the exclusive right to sell Shell-branded gasoline and diesel in Georgia, North Carolina, South Carolina, Virginia, Maryland, the eastern half of Texas and the majority of Florida.

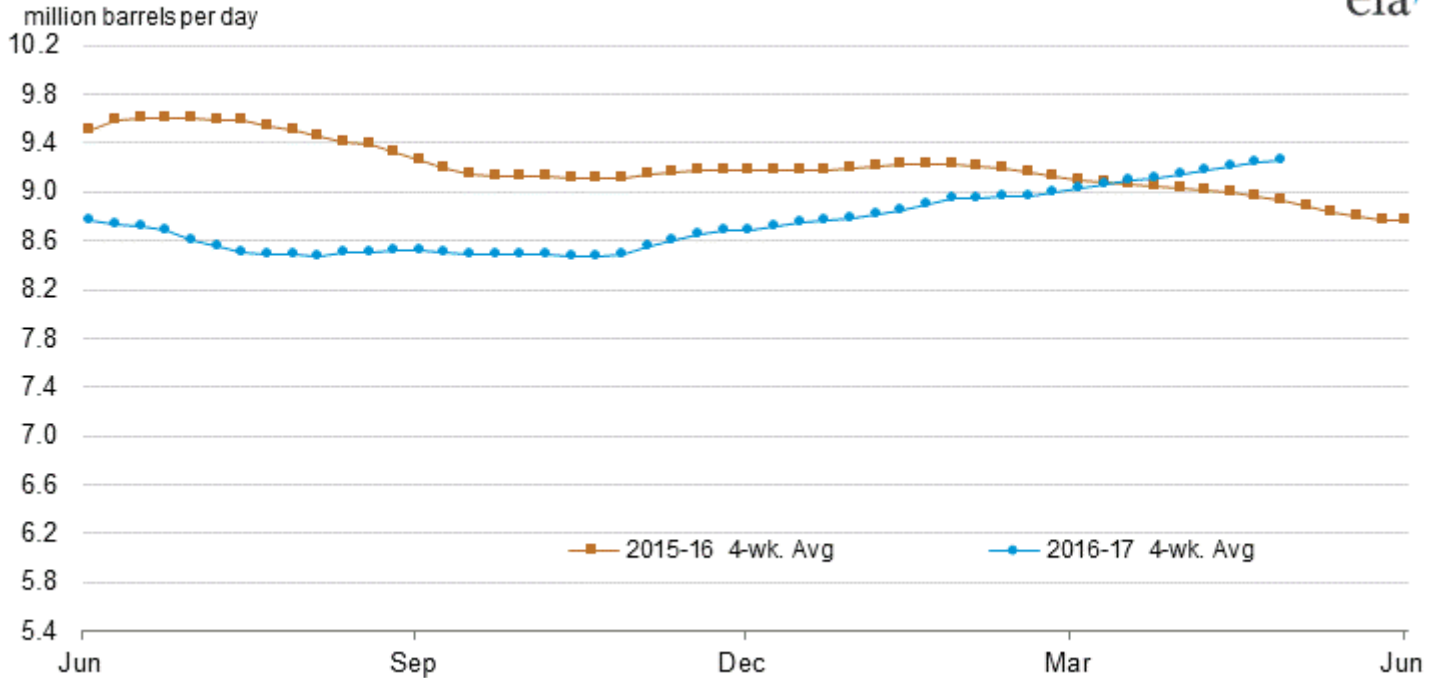
Aramco's deal allows it to shore up one of its best customers, the US, ahead of next year's planned IPO. Saudi Arabia is America's second-largest source of crude, behind Canada. The US imported 1.3 million barrels of Saudi crude per day in February, up 32% from last year, according to the EIA.

Saudi Arabia is hoping the Aramco IPO will be valued at a stunning \$2 trillion. The kingdom continues to grapple with low oil prices and a bloated budget, making it critical that the Aramco IPO goes off without a hitch.

EIA Crude Oil And Natural Gas Data



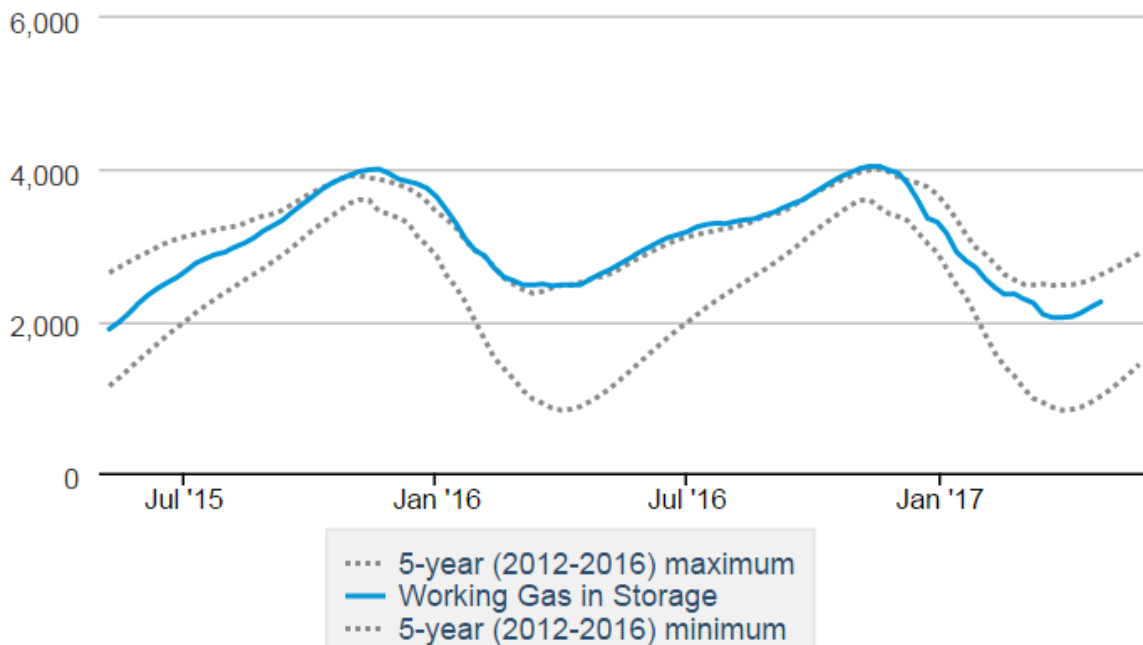
U.S. crude oil domestic production

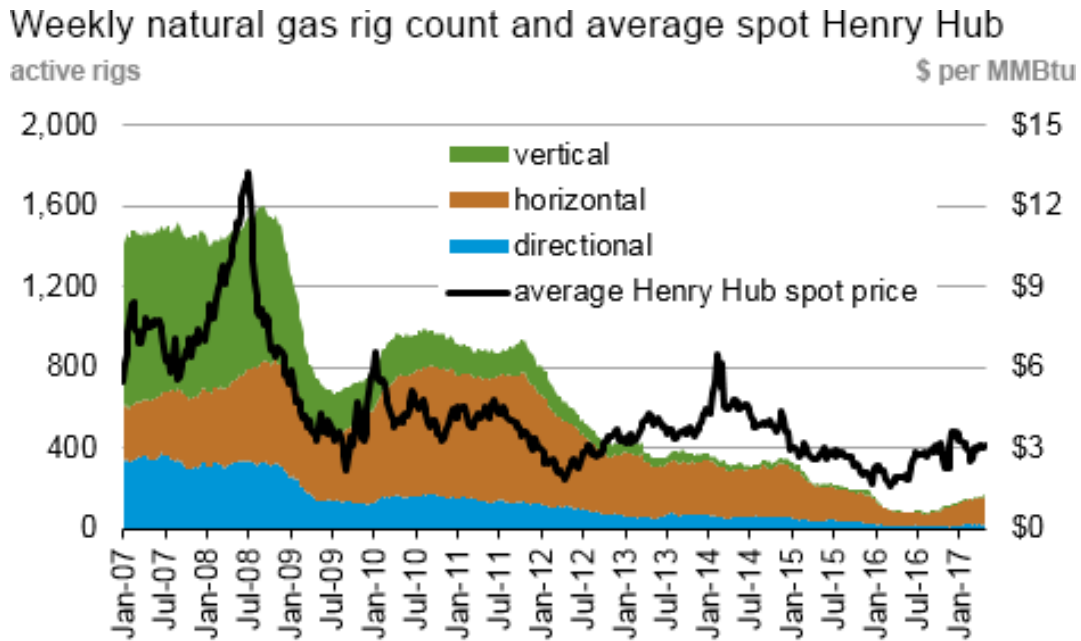


Working natural gas in underground storage

[DOWNLOAD](#)

billion cubic feet





Source: Baker Hughes

Mark Your Calendars!

Below are the dates of our future meetings and hearings. For more info, visit: www.TexasAlliance.org

- ✓ May 15, 2017, 5:30 pm - 7:00 pm: Houston Wildcatters honors Thomas Jorden, CEO of Cimarex. Held at the Houston Petroleum Club. [CLICK HERE](#) for more information!
- ✓ August 23, 2017, 5:30 pm - 7:00 pm: Houston Wildcatters honors Bryan Sheffield, CEO of Parsley Energy. Held at the Houston Petroleum Club. Check back later for registration information!
- ✓ October 5, 2017, 5:30 pm - 7:00 pm: Houston Wildcatters honors Tommy Nusz, CEO of Oasis Petroleum. Held at the Houston Petroleum Club. Check back later for registration information!

For more information on the oil & gas industry, including crude oil & natural gas price data, click the icon to view the latest edition of

NewsLine

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