

WEEKLY HIGHLIGHTS AT-A-GLANCE**FEDERAL – Regulatory**

- **BLM Leasing Plan Approval – Colorado.** On October 4, the Bureau of Land Management (BLM) announced approval of the Bull Mountain Unit master plan which green-lights the 146-well North Fork Valley oil and gas development plan that has been in the works for nearly a decade. The BLM notice, *Notice of Availability of the Record of Decision for the Bull Mountain Unit Master Development Plan, Gunnison County, CO* ([82 Fed. Reg. 46280](#)), followed a lengthy comment and environmental assessment process, dating back to 2008. The project area is south of McClure Pass and about 30 miles northeast of Paonia, and is bisected by Colorado Highway 133. It involves 440 acres of BLM land, with the rest being private, but it includes nearly 13,000 acres of federal minerals. The remaining minerals are privately owned. [Read more.](#)
- **BLM Lease Sales.** The BLM's third quarter oil and gas leases sales hit a combined \$170.7 million, already surpassing all the sales made in 2016 under the Obama administration. The BLM New Mexico office had the largest sale of the quarter, generating approximately \$130.9 million in bonus bids on September 7. Wyoming held the second-largest sale of the quarter on September 21, generating \$38.7 million in bonus bids. "The Secretary's strategy for energy dominance is working and will continue to bear fruit," said Vincent DeVito, Counselor to the Secretary for Energy Policy. "This pace is a reflection of our responsible energy policy and administrative changes that are making Interior a better place to do business." [Read more.](#)
- **BLM Sagebrush Focal Area Withdrawal Cancellation.** On October 11, the BLM published its *Notice of Cancellation of Withdrawal Application and Withdrawal Proposal and Notice of Termination of Environmental Impact Statement for the Sagebrush Focal Area Withdrawal in Idaho, Montana, Nevada, Oregon, Utah and Wyoming* ([82 Fed. Reg. 47248](#)) to announce the cancellation of the proposed withdrawal of approximately 10 million acres of public and National Forest System lands identified as sagebrush focal areas in Idaho, Montana, Nevada, Oregon, Utah, and Wyoming. The BLM also has terminated the preparation of the related environmental impact statement. The proposed withdrawal was intended to protect the greater sage-grouse and its habitat from adverse effects of locatable mineral exploration and mining subject to valid existing rights, but the BLM has determined that the lands are no longer needed in connection with the proposed withdrawal. "The proposal to withdraw 10 million acres to prevent 10,000 from potential mineral development was a complete overreach," said Acting BLM Director Mike Nedd. "Secretary Zinke has said from the beginning that by working closely with the states, who are on the front lines and a valued partner in protecting

the health of these lands, we can be successful in conserving greater sage grouse habitat without stifling economic development and job growth.” [Read more](#).

- **BLM Sage-Grouse Plan.** On October 11, the BLM published its Notice of Intent to begin the public scoping process (i.e., Environmental Impact Statement process and public comments) to “consider the possibility of amending some, all or none of the BLM land use plans that were amended or revised in 2014 and 2015 regarding Greater Sage-Grouse conservation in the States of California, Colorado, Idaho, Nevada, Oregon, Wyoming, North Dakota, South Dakota, Utah and Montana (“2015 Sage-Grouse Plans”). The agency’s *Notice of Intent to Amend Land Use Plans Regarding Greater Sage-Grouse Conservation and Prepare Associated Environmental Impact Statements or Environmental Assessments* ([82 Fed. Reg. 47248](#)) details the plan review and public comment process. Many in the oil and gas industry, including elected representative in Western states, have long argued that the Obama-era plan was too expansive and it needed to be reviewed. The initial public comment period will be open through November 27, 2017. [Read more](#).
- **Treasury Department Proposed Repeal of Oil & Gas Reporting.** The U.S. Department of the Treasury has called for the repeal of a provision in the in the [2010 Dodd-Frank Wall Street Reform and Consumer Protection Act](#) that requires publicly traded U.S. oil, gas, and other extraction industries to report payments to foreign governments. The Treasury Department’s recommendation came in its [October 10 report](#) to President Trump, “Capital Markets: A Financial System That Creates Economic Opportunities,” in response to a requirement made under the President’s [Executive Order 13772](#) on Core Principles for Regulating the United States Financial System. The report states that the requirement to disclose this sort of information is “not material to the reasonable investor making investment decisions” as it applies to resource extraction (Section 1504 of Dodd-Frank) and “such requirements impose significant costs upon the public companies that are widely held by all investors.” [Read more](#).

FEDERAL – Judicial

- **BLM Leasing; Sage-Grouse – Colorado Federal Court.** On October 10, a Colorado county and three environmental groups sued the BLM, saying the agency’s sale of oil and gas leases on 10 parcels of public land in southwestern Colorado could harm the threatened Gunnison Sage-Grouse. In *The Board of County Commissioners of the County of San Miguel v. U.S. Bureau of Land Management* ([Case No. 2017-cv-2432](#)) the plaintiffs claim in their complaint before the U.S. District Court for the District of Colorado that the BLM did not consult with wildlife managers and didn’t conduct the required reviews before selling leases in March 2017 that could threaten the Sage-Grouse. “As elected officials, we seek to partner with land management agencies to keep this species off the endangered list. In this case we felt that we had no choice but to challenge the BLM’s leases, which could harm the species and impact its habitat,” said Hilary Cooper, San Miguel County Commissioner. [Read more](#).

- **Dakota Access Pipeline – D.C. Federal Court.** On October 11, in *Standing Rock Sioux Tribe v. U.S. Army Corps of Engineers* ([Case No. 16-1534](#)), a D.C. federal judge said that he would allow the Dakota Access Pipeline (DAPL) to stay in operation while the U.S. Army Corps of Engineers conducts further environmental review of the project, but warned the agency not to treat the review as a mere formality. In a reported win for Energy Transfer Partners, the pipeline operator, the Court noted in its Opinion that the deficiencies in that review “are not fundamental or incurable flaws” and that the Army Corps has such a “significant possibility of justifying its prior determinations” that the pipeline can continue operating. The DAPL, which has a capacity of 470,000 barrels per day, has been operating since June. Developers and the federal government had argued against shutting it down during the new review. [Read more.](#)

STATE – Legislative

- **Abandoned and Plugged Wells – California.** (*Update from 9/25/17 Weekly Report*) On October 10, [SB 724](#) was signed into law by Governor Jerry Brown (D). The Act authorizes the state Division of Oil, Gas, and Geothermal Resources to make expenditures of up to \$3 million for four years to plug abandoned hazardous or deserted wells or hazardous or deserted production facilities. The measure also extends the valid time period for notices of intention to drill or re-work wells by extending the time period to commence operations from one year to 24 months before the notice is deemed canceled and would prohibit the notice from being extended, and would also require the cancellation to be noted in the division’s records. The Act also authorizes the state’s Oil and Gas Supervisor or district deputy to order the decommissioning of a production facility. [Read more.](#)
- **Federal Lands – California.** On October 6, Governor Jerry Brown (D) signed SB 50 into law. The Act establishes a policy of the state to discourage conveyances of federal public lands in California to third parties, of which there are nearly 46 million acres managed by the BLM, among other agencies. The Act specifies that such conveyances are void unless the State Lands Commission is provided with the right of first refusal or the right to arrange the transfer to a third party, and requires a public process to determine future management of lands the commission accepts, purchases, or arranges for the transfer of, among other provisions. Critics say the legislation is an effort to block federal oil and gas resource development in California. In fact, many of the environmental groups cite oil and gas drilling in their approval of the measure. According to the bill analysis, “Audubon California and separately, a large environmental coalition, support the bill because it establishes a new policy to discourage conveyances of federal lands to private developers for resource extraction.” However, since the federal government will undoubtedly assert its supremacy over state law in federal leasing and resource development, it remains to be seen whether this Act will forestall those efforts. [Read more.](#) (*See also State-by-State Legislative Session Overview below*)

- **Oil & Gas Regulations – California.** *(Update to 9/11/17 Weekly Report)* On October 5, Governor Jerry Brown (D) signed SB 809 into law. The Act amends existing law which required the state Oil and Gas Supervisor to appoint a chief deputy and at least one district deputy for each district and to prescribe their duties, but now this Act requires the director to fix the number and boundaries of the districts, and authorizes the director and supervisor to redefine the districts as needed to ensure the efficient administration of provisions regulating oil and gas. The Act also requires the director and supervisor to solicit public input before revising the districts, and narrows the definitions of “idle well” and “long-term idle well” by excluding active observation wells from those definitions. [Read more](#). *(See also State-by-State Legislative Session Overview below)*

STATE – Regulatory

- **Texas Railroad Commission.** On October 10, the Railroad Commission of Texas met to take up a [full agenda](#) which included discussions on administrative matters such as technology services, internal audits, and the hiring of a new executive director. Regarding the latter, Railroad Commission Chairman Christi Craddick also announced last week that Wei Wang was appointed Interim Executive Director by unanimous vote of commission members. Wang currently serves as the agency’s Chief Financial Officer and will serve in this dual capacity while the Commission conducts a search for a permanent Executive Director to lead the agency’s day-to-day operations. [Read more](#).

INDUSTRY NEWS FLASH:

◆ **Drilling permits up 66 percent over last year.** The number of U.S. drilling permits issued last month totaled more than 4,700, compared to 3,300 the previous month, with the biggest surges coming in California, Pennsylvania and Wyoming, according to data compiled by investment bank Evercore ISI. It marked the first time since January 2015 that the four-week trailing average of drilling permits rose above 2014 levels. [Read more](#).

State-by-State Legislative Session Overview

Massachusetts, Michigan and Wisconsin are in regular session. The **District of Columbia** Council, **Puerto Rico** and the **United States** Congress are also in regular session.

North Carolina is in a no vote skeleton session until October 17, and is expected to adjourn until January on that day. The purpose of the skeleton session is to force Democratic Gov. Roy Cooper to act on legislation passed during last week’s reconvened session within 10 days, instead of the 30-day signing deadline effective when the legislature is adjourned. The

adjournment resolution, [SJR 696](#), permits consideration of a number of issues ranging from conference reports to constitutional amendments.

Pennsylvania is in recess until October 16. **Ohio** is in recess until October 17. **New Jersey** is in recess to the call of the chair.

Oklahoma convened a special session related to budget issues on September 25, reports [U.S. News and World Report](#). The session is recessed to the call of the chair.

West Virginia is expected to convene a special session related to transportation funding on October 16, [The Herald Dispatch](#) reports. **Alaska** is expected to convene its fourth special session related to budget issues on October 23, the [Juneau Empire](#) reports. **Vermont** is scheduled to convene a special session the same day to address any necessary matters related to changes made by federal legislation. **Maine** is also expected to convene a special session the same day, the [Portland Press Herald](#) reports. **Illinois** is expected to convene a veto session on October 24, [NPR Illinois](#) reports.

California Democratic Gov. Jerry Brown has until October 15 to act on legislation presented after September 15 or it becomes law. **Illinois** Republican Gov. Bruce Rauner has until October 28 to act on special session legislation or it becomes law. **Hawaii** Democratic Gov. David Ige has until November 3 to act on legislation from the first special session or it becomes law. **Alaska** Independent Gov. Bill Walker has 15 days, Sundays excepted, to act on legislation from the regular and special sessions or it becomes law. **Connecticut** Democratic Gov. Dannel Malloy has 15 days from presentment to act on special session legislation or it becomes law. **Delaware** Democratic Gov. John Carney has 10 days, Sundays excepted, to act on legislation or it becomes law. **Maine** Republican Gov. Paul LePage has until three days after the next meeting of the legislature to act on legislation or it becomes law. **New Hampshire** Republican Gov. Chris Sununu has five days, Sundays excepted, to act on legislation or it is pocket vetoed. **New York** Democratic Gov. Andrew Cuomo has 10 days from presentment, Sundays excepted, to act on legislation from the regular and special sessions or it becomes law. **Rhode Island** Democratic Gov. Gina Raimondo has six days, Sundays excepted, to act on special session legislation or it becomes law. **South Carolina** Republican Gov. Henry McMaster has until two days after the next meeting of the legislature to act on regular session legislation presented after May 6 and special session legislation or it becomes law.

Utah Republican Gov. Gary Herbert had a signing deadline on October 10.

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

The following states are currently posting bill drafts, prefiles and interim studies for the 2018 session: [Alabama](#), [Arkansas](#), [Florida House](#) and [Senate](#), [Georgia](#), [Kentucky](#), [Maine Short Titles](#), [Preliminary Titles of Agency Requested](#) bills and [Study Items](#), [Montana](#), [Nebraska](#), [New Hampshire Legislative Service Requests](#) and [Withdrawn LSRs](#), [North Dakota](#), [Oklahoma prefiles](#) and [House](#) and [Senate](#) interim studies, [Utah](#) and [Wyoming](#).

Lands

Public Lands

California [SB 50/Chapter 535](#) was signed by Democratic Gov. Jerry Brown on October 6 and takes effect January 1. This law will establish a policy for the state to discourage conveyances of federal public lands in California to third parties by giving the State Lands Commission the right of first refusal or the right to arrange the transfer to a third party. It will also establish a process at the State Lands Commission to implement this policy. It will exempt routine conveyances from the federal government and could exempt certain leases, tribal conveyances and conveyances that are done as part of a conservation plan.

Oil and Gas

Oil and Gas General

California [SB 44/Chapter 645](#) was signed by Democratic Gov. Jerry Brown on October 10 and takes effect January 1. This law will require the State Lands Commission in the Natural Resources Agency to administer a legacy oil and gas well removal, plugging and remediation program. Carrying out this program is contingent on appropriation of funds by the legislature.

California [SB 809/Chapter 521](#) was signed by Democratic Gov. Jerry Brown on October 5 and takes effect January 1. Existing law requires the State Oil and Gas Supervisor to appoint a chief deputy and at least one district deputy for each district and to prescribe their duties. This law will instead require the director to fix the number and boundaries of the districts, and will authorize the director and supervisor to redefine the districts as needed to ensure the efficient administration of provisions regulating oil and gas. The law will require the director and supervisor to solicit public input before revising the districts. The law will narrow the definitions of “idle well” and “long-term idle well” by excluding active observation wells from those definitions.

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