

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

- **BLM Oil and Gas Lease Sale – Arkansas; Louisiana.** The Bureau of Land Management (BLM) Eastern States office recently announced the results of the June competitive oil and gas lease comprised of 26 parcels and representing a total of 2,248.43 acres. The total acreage offered at the sale included 25 parcels within the counties of Van Buren and Cleburne in Arkansas and one parcel within the Louisiana parish of Lafourche. The BLM received bids on 1,888.43 acres of those available in the sale. [Read more.](#)
- **BLM Oil and Gas Lease Sale – Colorado.** On July 10, the BLM announced that it will delay the September 6 oil and gas lease sale comprised of 11 parcels totaling 18,358 acres south of Westcliffe, on the eastern side of the Sangre de Cristo Mountains in Huerfano County. “The proposed lease area is on the opposite side of the Sangre de Cristo crest from Great Sand Dunes National Park and Preserve, which has sparked controversy.” According to the BLM, the delay came after the agency received a [request from the Navajo Nation](#), which owns land in the area, to confirm BLM mineral ownership and to consult with the Navajo Nation on a few environmental issues regarding tribal lands. [Read more.](#)

STATE – Legislative

- **Oil and Gas Production Tax – Oklahoma.** The previously reported \$447 million tax hike bill, [HB 1010xx](#), which passed during the Oklahoma legislature’s special session in March 2018 and was signed into law by Governor Mary Fallin (R) that same month, has now taken effect, as of July 1. The Act was passed in part to raise more than \$400 million for teacher salaries and other state budget priorities. As part of the tax package, the “oil and gas production tax increased from 2 percent to 5 percent for the first three years a well operates, and 7 percent after that time period. That increase is expected to raise about \$100 million from oil production and about \$71 million in natural gas collections.” [Read more.](#) Oklahoma taxpayer rights group, *Oklahoma Taxpayers Unite!* had planned on putting the taxes to a referendum vote this fall, but halted their efforts to repeal the law after the Oklahoma Supreme Court found fault with the petition’s language and failed to certify it for the ballot ([Access the ruling here](#)). This setback did not provide organizers with enough time to resubmit the petition by the July 18 deadline to qualify for the November 2018 election. [Read more.](#)

STATE – Regulatory

- **Oil & Gas Drilling – California.** On July 12, a group of environmental scientists sent a [letter](#) to California Governor Jerry Brown (D) urging a halt to new oil and gas drilling as part of a plan to phase out fossil fuel extraction in the state. However, despite these calls to phase out California’s oil and gas production the state’s Division of Oil, Gas, and Geothermal Resources has issued more than [20,000 well permits](#) since Brown took office in 2011, and even detractors acknowledge that “new oil and gas production wells could enable 560 million barrels of additional oil production over the next 12 years.” [Read more.](#)
- **Oil & Gas Development – New Mexico.** On July 12, the Sandoval County Board of County Commissioners and the Sandoval County Planning and Zoning Commission held a [joint public meeting and study session](#) to solicit public comment and perspectives related to hydraulic fracturing and water issues in the County and possible ordinances. Included in the groups were geological experts, university scientists, environmentalists, and representatives of the oil and gas industry. Although various groups have pushed for a moratorium on drilling in the county, Commissioner Jay Block noted that “our schools receive over \$47 million a year from the [oil and gas] industry alone, not including the other programs and sectors that receive tax dollars from that industry which is almost 40 percent of our state budget. That plays a part in this as well.” [Read more.](#)

INDUSTRY NEWS FLASH:

- ◆ **U.S. expected to become world’s top oil producer next year.** In its latest report, the U.S. Energy Information Administration predicts that U.S. output will grow next year to 11.8 million barrels a day. “If the forecast holds, that would make the U.S. the world’s leading producer of crude,” says Linda Capuano, who heads the agency. The U.S. has already nosed ahead of Saudi Arabia and is on pace to surpass Russian production levels. [Read more.](#)
- ◆ **Oil could surge another 10 percent this summer alone.** According to the Oil Price Information Service’s Tom Kloza (who accurately called the 2015 oil price collapse) recently escalated oil prices could potentially surge another 10 percent this summer, pushing WTI crude to \$80/bbl. [Read more.](#)

State-by-State Legislative Session Overview

Massachusetts, New Jersey, Ohio and Pennsylvania are in regular session. The **District of Columbia** Council, **Puerto Rico** and the **United States** Congress are also in regular session.

Michigan is in recess until July 25. **California** is in recess until August 6. **Illinois, New York, Rhode Island** and **Wisconsin** are in recess to the call of the chair.

The following states adjourned on the dates provided: **North Carolina** (June 29) and **Delaware** (June 30).

Maine's legislature is in special session to address multiple governor vetoes, including Medicaid expansion and increasing reimbursement rates for Mainers with disabilities, reports [WGME](#). **West Virginia** Republican Gov. Jim Justice issued a [proclamation](#) calling for a special session to begin June 26 to address possible removal of one or more Justices of the Supreme Court of Appeals. The House Judiciary Committee announced meetings to take place between July 12 and July 14. They will recess to gather additional witnesses and reconvene for another three days beginning July 19, reports [West Virginia Public Broadcasting](#).

New Hampshire's Executive Council agreed to a special session to begin on July 25 in response to a Supreme Court ruling that states can require online retailers to collect sales tax on purchases in states where they don't have a physical presence, reports the [NHPR](#).

Virginia's special session is in recess to the call of the chair.

The **South Carolina** legislature adjourned their two-day special session on June 28, reports the [Greenville News](#).

Delaware Democratic Gov. John Carney has until July 30 to act on legislation or it becomes pocket vetoed. **Alaska** Independent Gov. Bill Walker has 20 days from presentment, Sundays excepted, to act on legislation or it becomes law without signature. **Connecticut** Democratic Gov. Dannel Malloy has 15 days from presentment to act on legislation or it becomes law without signature. **Illinois** Republican Gov. Bruce Rauner has 60 days from presentment to act on all legislation passed during the veto session or it becomes law. **Kansas** Republican Gov. Jeff Colyer has 10 days, not including the day of presentment, to act on legislation or it becomes law without signature. **Louisiana** Democratic Gov. John Bel Edwards has 20 days from presentment to act on legislation presented after May 8 or it becomes law. **Minnesota** Democratic Gov. Mark Dayton has 14 days from presentment to act on legislation presented on or after May 17 or it is pocket vetoed. **Missouri** Republican Gov. Mike Parson has 45 days from presentment to act on legislation or it becomes law without signature. **New Hampshire** Republican Gov. Chris Sununu has five days from presentment, Sundays excepted, to sign or veto legislation or it becomes law without signature. **New York** Democratic Gov. Andrew Cuomo has 10 days from presentment, Sundays excepted, to sign or veto legislation or it becomes law without signature. **Rhode Island** Democratic Gov. Gina Raimondo has six days from presentment, Sundays excepted, to act on legislation or it becomes law without signature. **Vermont** Republican Gov. Phil Scott has five days, Sundays excepted, to act on legislation presented after May 16. The disposition of legislation not acted on after that period will be determined on a case-by-case basis. **West Virginia** Republican Gov. Jim Justice has 15 days from adjournment of the special session, Sundays excepted, to act on legislation or it becomes law without signature. **Wisconsin** Republican Gov. Scott Walker has six days from presentment, Sundays excepted, to act on special session legislation or it becomes law.

North Carolina Democratic Gov. Roy Cooper has acted on all legislation as of June 25. **Hawaii** Democratic Gov. David Ige had a signing deadline on July 10.

The following states are currently holding 2019 interim committee hearings: [Alabama](#), [Alaska](#), [Arizona](#), [Arkansas](#), [Colorado](#), [Connecticut](#), [Hawaii](#), [Idaho](#), [Indiana](#), [Iowa](#), [Kansas](#), [Kentucky](#), [Maine](#), [Maryland](#), [Minnesota](#), [Mississippi Senate](#), [Missouri House](#) and [Senate](#), [Montana](#), [Nevada](#), [New Hampshire House](#) and [Senate](#), [New Mexico](#), [North Carolina](#), [North Dakota](#), [Oklahoma House](#), [Oregon](#), [South Carolina](#), [South Dakota](#), [Tennessee](#), [Texas House](#) and [Senate](#), [Utah](#), [Virginia](#), [Washington](#), [West Virginia](#) and [Wyoming](#).

The following states are currently posting 2019 bill drafts, profiles and interim studies: [Kentucky](#), [Montana](#), [Nevada](#), [North Dakota](#) and [Utah](#).

General Oil and Gas

Groups in **Colorado** are gathering signatures for a ballot initiative that would bar oil and gas extraction on more than 80 percent of non-federal land. [Initiative 97](#) would establish the minimum setback of oil and gas wells to 2,500 feet up from the current 500 feet for homes and 1,000 feet for schools. According to the [Denver Post](#), backers of the initiative need to gather just over 98,000 signatures from voters by August 6. A [report](#) on the measure by the Colorado Oil and Gas Conservation Commission noted that a 2,500 foot buffer between new wells and occupied builds and other vulnerable areas would eliminate 94 percent of non-federal land available for drilling in Colorado's top five oil and gas producing counties. While the report did not analyze the economic impact of the proposal a University of Colorado Boulder [study](#) of a similar initiative, which was disqualified for lack of valid signatures, noted that the state would see a \$7.1 billion dollar decline in its GDP and 54,000 fewer jobs. AAPL is supporting Coloradans for Responsible Energy Development in its public information campaign to educate state voters on the detrimental effects the ballot initiative would have on the state if approved.

Ohio [HB 225](#) was signed by Republican Gov. John Hickenlooper on June 29 and takes effect September 28. The law allows a landowner to report an idle and orphaned well and will require the Chief of the Division of Oil and Gas Resources Management to inspect the well within 30 days after the landowner report. The law will also require the chief to establish a scoring matrix for idle and orphaned wells and to use the matrix to determine the priority of plugging wells. The law will also require the chief to use 30 percent of the revenue credited to the oil and gas well fund to be used for plugging idle and orphaned wells rather than 14 percent. It will authorize the chief to reject an application to plug a well if it is determined that other wells are a higher priority and will require the chief to pay the contractor directly for the cost of the plugging and restoration rather than reimbursing the landowner directly.

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