

WEEKLY HIGHLIGHTS AT-A-GLANCE

FEDERAL – Legislative

- **Congressional Summer Recess – Washington, D.C.** Congress is in summer recess and no legislative action will be taken prior to their return in September. [Read more.](#)

FEDERAL – Regulatory

- **BLM Lease Sale – New Mexico.** As reported in the Denton Record-Chronicle, the Bureau of Land Management (BLM) has removed Lewisville Lake from its New Mexico oil and gas lease sale next spring. While environmentalists opposed natural gas drilling at the Dallas, Texas-area Lewisville Lake, the BLM reports that it was a technicality that forced the removal of the Lewisville Lake land from the auction, and not protests. The agency discovered that 259 acres fell inside the city limits of Highland Village, Corinth and Hickory Creek. Approvals from those cities would have been required and would not have been forthcoming in time for the auction. [Read more.](#)
- **Public Lands Initiative – Utah.** On August 16, the Grand County Council approved a letter in opposition to the Public Lands Initiative (PLI) spearheaded by Utah congressmen, Rob Bishop and Jason Chaffetz, which would, among other provisions, give the state rather than the BLM control over permitting rights for energy resources on federal lands. The Council, which represents the 3,694 square mile county, is not supportive of that measure. Grand County is one of six southeastern Utah counties involved with this initiative which Representative Bishop initiated in 2013. Bishop has indicated he would like to receive all county recommendations and draft a regional proposal based on these recommendations, before presenting his bill in the U.S. House of Representatives. [Read more.](#)

STATE – Regulatory

- **Oil & Gas Regulations – Pennsylvania.** National Gas Intelligence has reported that the Pennsylvania Attorney General's office has completed its review of a comprehensive package of environmental regulations for the state's unconventional shale producers, bringing the rules one step closer to implementation. The state Department of Environmental Protection began drafting the rules in 2011. The Attorney General's approval of the regulations is one of the final steps in the rulemaking process. There is no indication that last week's resignation of Attorney General Kathleen Kane will impede the process. [Read more.](#)

- **Injection Wells – Pennsylvania.** Highland Township, a town in Elk County, that in 2013 approved an ordinance banning natural-gas wastewater injection wells, overturned the ordinance this week and promptly settled a federal lawsuit with a Marcellus Shale gas producer that wants to build a disposal well in the community. Two new supervisors on the township’s three-member governing board voted on August 10 to rescind the ordinance, saying they were unlikely to prevail in a lawsuit with gas producer Seneca Resources Corp. The supervisors then entered into a consent decree with Seneca, which U.S. Magistrate Judge Susan Paradise Baxter approved. [Read more.](#)

STATE – Judicial

- **Royalties – Texas.** On August 16, in *Samson Lone Star LP v. Hooks* ([Case No. 01-09-00328-CV](#)) the Court of Appeals of Texas for the First District reduced approximately \$3.8 million in damages from a \$21 million oil and gas royalty dispute for recalculations on past due royalties and interest. The reduction in damages stems from the court’s [March 2016 opinion](#) on fraud and underpayment of royalties issues on “formation production”, which were tried by a jury, finding in favor of the lessors. [Read more.](#)

State-by-State Legislative Session Overview

Legislators in **Alabama** convened a special session on August 15, [WTVC](#) reports. The primary focus of the session is a proposed constitutional amendment which would allow for a state lottery, with other proposals to provide funding for Medicaid, infrastructure development and debt repayment on the table as well. Republican Gov. Robert Bentley has called his lottery proposal necessary to meet rising costs of Medicaid and other government programs. Governor Bentley’s lottery proposal is contained in [HB 6](#), sponsored by Rep. Craig Ford, D-Gadsden, which is pending consideration in the House Economic Development and Tourism Committee, and companion bill [SB 11](#), sponsored by Sen. Jim McClendon, R-Springville, which passed the Senate Tourism and Marketing Committee on August 17. A [substitute](#) for SB 11, still pending reading and adoption, was offered by Senator McClendon on August 18. [Alabama News](#) reports that a scheduled vote on the substitute was postponed due to insufficient support for the bill in the Senate. Bentley’s proclamation authorizing the special session, which can be found [here](#), does not specifically restrict the scope of debate to the lottery and funding proposals, and legislation pertaining to other issue areas is under consideration. A list of all special session legislation introduced to date can be found [here](#).

California, Massachusetts and the **New Jersey** Senate are in regular session.

Michigan and the **U.S.** Congress are in recess until September 6. **Pennsylvania** is in recess until September 19. The **District of Columbia** Council is in recess until September 20. **Ohio** is in recess until September 27. **Illinois** is in recess until November 15 and is expected to convene a veto session on that day. The **New Jersey** Assembly is in summer recess and no legislative activity is currently scheduled.

Alabama convened a special session to address Republican Gov. Robert Bentley's proposal for a state lottery on August 15.

Alaska Independent Gov. Bill Walker has 20 days from presentment, Sundays excluded, to act on legislation or it becomes law without signature. **Delaware** Democratic Gov. Jack Markell, **New York** Democratic Gov. Andrew Cuomo and **Rhode Island** Democratic Gov. Gina Raimondo have 10 days from presentment to act on legislation or it becomes law without signature.

North Dakota Republican Gov. Jack Dalrymple had acted on all legislation from the first special session as of August 4.

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

The following states are currently posting bill draft requests/prefiles for the 2017 session: [Alabama House](#) and [Senate](#), [Colorado](#), [Florida Senate](#), [Kentucky](#), [Montana](#), [Nevada](#), [North Dakota](#), [Oklahoma House](#) and [Senate](#), [Utah](#), [Virginia](#) and [Wyoming](#) (draft requests appear on individual committee pages).

Endangered Species

California [AB 2549](#) was enrolled and delivered to Democratic Gov. Jerry Brown on August 18, he has until August 30 to act on the bill or it becomes law. This bill would remove the sunset provision on the public hearing process of the California Endangered Species Act. The act requires the Fish and Game Commission to establish a list of endangered species and a list of threatened species. This bill would allow anyone to continue to petition the commission past January 1, 2017 to add a species to, or remove a species from the list of endangered or threatened species.

California [SB 1089](#) passed the Assembly on August 18 and was returned to the Senate. As amended, this bill would add four public members to the Wildlife Conservation Board. The Assembly Speaker would be responsible for one appointment, the Senate Rules Committee would be responsible for one appointment, and the Governor would appoint the other two members. The members would be voting members and would serve four-year terms. The qualifications would be that each public member has a demonstrated interest and expertise in land acquisition for conservation purposes. If enacted, this bill would take effect 90 days past adjournment.

Oil and Gas

General Oil and Gas

California [AB 2756](#) passed the Senate on August 16, the bill was then returned to the Assembly and ordered to be engrossed and enrolled. The bill would give the Oil and Gas Supervisor the authorization to treat each day a violation is not cured as a separate violation, and would set the penalty at no less than \$10,000 and no greater than \$25,000 per violation. The bill would also authorize the supervisor to allow for a supplemental environmental project in lieu of a portion of the penalty, but not to exceed 50 percent of the amount of the fee. It would change the penalty limit to allow for an appeal from \$10,000 to \$25,000. As amended, the bill would also give the division the ability to manage the Oil and Gas Environment Remediation Account in which money can be used to remediate wells, and other areas that may pose a danger to health, water quality, wildlife or natural resources.

Mineral Rights

California [AB 2729](#) passed the Senate on August 18 and was returned to the Assembly. This bill would make changes to the definitions of active observation well, idle well and long-term idle well. An idle well would be defined as a well that had six months of not producing or being used for injection. An idle well would continue to be an idle well until the well has been properly abandoned in accordance with existing law. For active observation wells, the bill would require the user to report their data once every month, instead of every three years. The bill would define a long-term idle well as a well that has been idle for five or more years. The bill would provide that the abandoned underground personal property, including a well, of an operator becomes the property of the mineral interested owner when the operator loses the right to remove it under common law or lease or any other agreement that initially gave the operator the right to conduct activity on the well. The bill would require that the division review, evaluate, and update all regulations pertaining to idle wells until January 1, 2020 unless additional statutes are enacted to delete or extend that date.

Current law requires operators to file a specified annual fee or plan for elimination of all long-term idle wells by January 1, 1999. The most recent amendments would remove the current requirement that plans must be filed by January 1, 1999 until January 1, 2018 and require the plan cover a period of no more than one year, revise the requirements and remove the exemption from increased well bond or fee requirements for operators who comply with the plan.

As amended, this bill would require the supervisor to prepare and submit a comprehensive report on the status of idle and long-term idle wells for the preceding calendar year.

If enacted, this bill would take effect on January 1, 2018.

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