

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

- **H.R. 3117 – Transparency and Honesty in Energy Regulations Act.** (*Update to 8/7/17 Weekly Report*) On November 30, [H.R. 3117](#), the *Transparency and Honesty in Energy Regulations Act*, which was introduced by Rep. Evan Jenkins (R-WV) in late June, passed the House Natural Resources Committee and will now move forward for full House consideration, although it has not yet be calendared. The bill would bar the use of the social cost of carbon, methane and nitrous oxide in energy and environment rules. According to Jenkins, the measure “would prohibit the federal government from using the flawed social cost of carbon and social cost of methane metrics in the rulemaking process.” The companion Senate version of the bill, [S. 1512](#), was introduced by Senator James Lankford (R-OK) in June. The bills build upon President Trump’s [Executive Order No. 13783](#), which cancelled the government’s use of these metrics as rationales for burdensome environmental regulations. [Read more.](#)

FEDERAL – Regulatory

- **BLM Lease Sale NPR-A – Alaska.** On December 6, the Bureau of Land Management (BLM) offered 900 tracts, covering 10.3 million acres, or 16,100 square miles, in the National Petroleum Reserve in Alaska (NPR-A). This was billed as the [largest-ever NPR-A lease sale](#). “This large and unprecedented sale in Alaska will help achieve our goal of American energy dominance,” said Interior Secretary Ryan Zinke. Last year’s sale for 1.4 million acres yielded more than \$18.8 million in bids. [Read more.](#) Although the sale only ended up attracting a handful of bids on tracts covering just 125 square miles, Kara Moriarty, director of the Alaska Oil and Gas Association, said there were likely a variety of factors for just seven bids, including the fact that “Alaska’s tax policies, changed seven times in 12 years,” which may have discouraged bidding. [Read more.](#)
- **BLM Lease Sale – Utah.** On December 4, the BLM announced that it plans to offer bidders 43 parcels, totaling approximately 51,401 acres in Grand and San Juan counties, at its March 2018 online quarterly oil and gas lease sale. Public comments will be open until January 2, 2018. [Read more.](#)
- **BLM Environmental Assessment – Colorado.** On December 4, the BLM announced that it is seeking public comments on a proposal to offer approximately 22,175 acres of federal oil and gas leases in eastern Colorado in its upcoming September 2018 oil and gas lease sale. Before beginning an Environmental Assessment (EA) on the proposal, the BLM says

it wants to hear from the public about issues that should be considered. The EA will then be released for public review and comment in March 2018. [Read more.](#)

- **BLM Venting & Flaring Rule; Final Rulemaking.** (*Update to 10/9/17 Weekly Report*) On December 8, the BLM published its final rule, *Waste Prevention, Production Subject to Royalties, and Resource Conservation: Delay and Suspension of Certain Requirements* ([82 Fed. Reg. 58050](#)) to delay implementation of Obama’s federal venting and flaring rules until January 2019. The Trump administration’s proposed rule was initially introduced on October 5, 2017 (*Waste Prevention, Production Subject to Royalties, and Resource Conservation; Delay and Suspension of Certain Requirements*; [82 Fed. Reg. 46458](#)) to temporarily suspend or delay certain requirements contained in the Obama-era 2016 rule, *Waste Prevention, Production Subject to Royalties, and Resource Conservation* ([81 Fed. Reg. 83008](#)). The 2016 rule was targeted “to reduce waste of natural gas from venting, flaring, and leaks during oil and natural gas production activities on onshore Federal leases” and also clarified “when produced gas lost through venting, flaring, or leaks is subject to royalties, and when oil and gas production may be used royalty-free on-site.” The 2016 rule has been widely opposed by the oil and gas industry and subject to numerous court challenges seeking its nullification or revision. With this final rule, the BLM has noted that it “wants to avoid imposing temporary or permanent compliance costs on operators for requirements that may be rescinded or significantly revised in the near future.” [Read more.](#)
- **National Monument Reductions – Utah.** Last Monday, President Trump signed two [proclamations](#) which will reduce the size of the Bears Ears National Monument from nearly 1.5 million acres to roughly 228,784 acres, and the roughly two million acre Grand Staircase-Escalante National Monument down to roughly one million acres. While there are no immediate plans to expand oil and gas drilling on the sites, Interior Secretary Ryan Zinke has been a vocal proponent for allowing greater resource development on public lands and removal of those lands from a national monument designation will allow such plans to move forward. [Read more.](#) Currently, “there is oil and gas production clustered near the northern and eastern borders of the monument and some companies believe there is potential for more. Since 2013, energy firms have unsuccessfully asked the federal Bureau of Land Management to lease more than 100,000 acres for oil and gas drilling either near or within what is now Bears Ears’ boundaries.” Energy companies are hailing the proclamations as a victory in expanding resource development on federal lands. [Read more.](#)
- **Methane Emissions.** (*Update to 10/2/17 Weekly Report*) Seven other global energy companies [recently announced](#) that they are joining ExxonMobil in its efforts to voluntarily reduce methane emissions from the natural gas assets they operate around the world, and the group has encouraged other energy companies across the entire chain, from production to consumer, to do the same. “The International Energy Agency recently concluded that with current technologies the oil and gas industry can drastically

reduce methane emissions by 75 percent worldwide – and that up to two thirds of those reductions can be realized at zero net cost.” [Read more](#).

- **EPA and Interior Department Appointments.** Last Thursday, the U.S. Senate confirmed two of President Trump’s environmental appointments. “Joe Balash was confirmed as Assistant Secretary for Land and Minerals Management at the Interior Department and Susan Bodine was confirmed to lead the Environmental Protection Agency’s (EPA) Office of Enforcement and Compliance Assurance, which oversees enforcement of pollution laws.” Balash is the former Commissioner of the Alaska Department of Natural Resources. Bodine most recently served as Chief Counsel to the Senate Committee on Environment and Public Works under the leadership of Senator John Barrasso (R-WY) and is a former environmental lawyer. [Read more](#).

FEDERAL – Judicial

- **BLM Methane Rule – California Federal Court.** (Update to 10/9/17 Weekly Report) On December 4, the Interior Department appealed the October decision in the consolidated cases, [California v. U.S. Bureau of Land Management and Sierra Club v. Zinke](#) (Case Nos. 17-cv-03804-EDL; 17-cv-3885-EDL), where the U.S. District Circuit for the Northern District of California ruled that the Trump administration had acted unlawfully when it postponed the compliance dates for certain sections of the Obama-era methane rule, *Waste Prevention, Production Subject to Royalties, and Resource Conservation* ([81 Fed. Reg. 83008](#)) after the rule’s effective date had already passed. According to the Court, the Interior Department misused a provision of the Administrative Procedure Act when it stalled key provisions of a rule aimed at reducing methane venting and flaring on federal and Indian lands. That decision came as the BLM unveiled a separate regulatory proposal (*Waste Prevention, Production Subject to Royalties, and Resource Conservation; Delay and Suspension of Certain Requirements*; [82 Fed. Reg. 46458](#) and on December 8, their final rule; [82 Fed. Reg. 58050](#)) to delay the standards until January 2019. [Read more](#).

STATE – Legislative

- **Well Management; Bonding – California.** (Update to 9/9/16 Weekly Report) As a follow-up to our reporting last year, [AB 2729](#) goes into effect January 1, 2018. The Act imposes new licensing and bonding requirements on oil and gas well operators in the state and also brings changes to well management, such as new rules for idle wells. The law makes changes to the definitions of active observation well, idle well and long-term idle well. An idle well will be defined as a well that had 24 consecutive months of not producing or being used for injection. An idle well will continue to be an idle well until the well has been properly abandoned in accordance with existing law. For active observation wells, the law will require the user to report their data annually. The law will define a long-term idle well as a well that has been idle for eight or more years. The law also provides that the abandoned underground personal property, including a well,

of an operator becomes the property of the mineral interest 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. [Read more.](#)

- **Permitting; Appeals – Michigan.** On December 6, Rep. Gary Howell (R) introduced HB 5332. The bill would amend the current Natural Resources and Environmental Protection Act to create a new appeals process and board for permit applicants who are “aggrieved by the decision of the Department of Environmental Quality regarding the approval or denial of a permit application or the content of a permit.” The bill also requires a board member to hold specific subject matter expertise. [Read more.](#)

INDUSTRY NEWS FLASH:

◆ **Republican tax bill is a big win for domestic oil and gas.** According to a news report from Oilprice.com, the Republican-backed tax bill represents a big win for U.S. oil and gas industries. The inclusion of a provision opening up the Arctic National Wildlife Refuge to drilling is being hailed as a major accomplishment. Other beneficial provisions include allowing master limited partnership oil and gas companies to be taxed at a reduced pass-through rate, as well as allowing existing tax credits for producers of “marginal wells” and those for “enhanced oil recovery” to remain untouched. [Read more.](#)

State-by-State Legislative Session Overview

Michigan, 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. **Massachusetts** is in informal session.

Rhode Island is in recess to the call of the chair.

West Virginia adjourned its third special session on December 4 after passing a measure authorizing the sale of bonds for transportation funding, [The Register-Herald](#) reports. [SB 3001x](#), which contains the measure, was the only measure considered during the special session and was approved by Republican Gov. Jim Justice the same day.

Connecticut Democratic Gov. Dannel Malloy has 15 days from presentment to act on legislation or it becomes law. **Delaware** Democratic Gov. John Carney has 10 days, Sundays excepted, to act on legislation or it becomes law. **Illinois** Republican Gov. Bruce Rauner has 60 days from presentment to act on all legislation passed during the veto session 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. **Wisconsin** Republican Gov. Scott Walker has six days, Sundays excepted, to act on legislation or it becomes law. Bills must be presented to the governor by December 7.

Montana Democratic Gov. Steve Bullock had acted on all special session legislation as of December 2 and **Oklahoma** Republican Gov. Mary Fallin had a signing deadline for special session legislation the same day. **West Virginia** Republican Gov. Jim Justice had acted on all special session legislation as of December 4.

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](#), [Nevada](#), [New Hampshire House](#) and [Senate](#), [New Mexico](#), [New York House](#) and [Senate](#), [North Carolina](#), [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](#), [West Virginia](#) and [Wyoming](#).

The following states are currently posting bill drafts, prefiles and interim studies for the 2018 session: [Alabama](#), [Arizona](#), [Arkansas](#), [Colorado](#) (proposed legislation appears on interim committee pages), [Florida House](#) and [Senate](#), [Georgia Study Committees](#), [House](#) and [Senate](#) prefiles, [Indiana](#), [Iowa](#), [Kansas](#), [Kentucky](#), [Maine Short Titles](#), [Preliminary Titles of Agency Requested](#) bills and [Study Items](#), [Missouri House](#) and [Senate](#), [Montana](#), [Nebraska](#), [New Hampshire Legislative Service Requests](#) and [Withdrawn LSRs](#), [North Dakota](#), [Oklahoma prefiles](#) and [House](#) and [Senate](#) interim studies, [South Carolina](#), [Utah](#), [Virginia](#), [Washington](#) and [Wyoming](#).

Lands

Land Permits

The **Pennsylvania** House concurred with Senate amendments to [HB 1009](#) on December 5. The bill is now awaiting delivery to Democratic Gov. Tom Wolf, who will have 10 days to sign or veto the bill or it will become law. This bill would release Project 70 restrictions on a parcel of property and structure located in West Newton Borough in Westmoreland County in return for the development of park and open space in the West Newton Borough in Westmoreland County. The amendments retain the bill's original provisions but would also release Project 70 restrictions on certain lands owned in Uwchlan Township in Chester County in exchange for the implementation of a multiuse recreational trail. The bill would take effect immediately.

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