

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

- **HR 5259.** The *Certainty for States and Tribes Act*, [HR 5259](#), was favorably reported out of the House Committee on Natural Resources on November 22. The bill, sponsored by Rep. Ryan Zinke (R-MT), would direct the Secretary of the Interior to reestablish the Royalty Policy Committee in order to further a more consultative process with key Federal, State, tribal, environmental, and energy stakeholders. In addition, the bill would create a “State and Tribal Resources Board” to assess the economic impact of proposed policies and regulatory changes on state and tribal budgets and governmental services, which are often supported by revenues from mineral production. According to the bill sponsor, “The bill is intended to create an open and transparent process to ensure a fair return to the American taxpayer and to ensure that states relying on proceeds from federal land are treated fairly.” [Read more.](#)

**FEDERAL – Regulatory**

- **BLM Lease Sale – Ohio.** After years of delays, the BLM is proceeding with a competitive oil and gas lease sale for 33 parcels in Ohio's Wayne National Forest. In mid-October the BLM released its final Environmental Assessment and an associated Finding of No Significant Impact allowing for leasing the federal mineral estate for future oil and gas development within the proclamation boundary of the Wayne National Forest, Athens Ranger District, Marietta Unit, located within Monroe, Noble, and Washington Counties. The online lease auction will be held on December 13, 2016 (see [BLM Notice](#)). Roughly 1,600 acres will be offered for lease in the Wayne National Forest. [Read more.](#)
- **BLM Lease Sale – Texas.** The BLM has announced that it may offer 1.4 acres of federally owned property at Lake Somerville in central Texas for an oil and gas lease at its April 2017 auction. State Senator Lois Kolkhorst has pushed back on the plan, calling for a postponement for further environmental assessments to preserve the integrity of the water supply. The BLM has yet to respond to her request. [Read more.](#)
- **BLM Lease Sale – Utah.** The Nine Mile Canyon Coalition, the Southern Utah Wilderness Alliance and the Hopi Tribe have filed a formal protest with the BLM over the upcoming December 13 online auction for Nine Mile Canyon. The BLM is proposing to offer 28 parcels. Originally, there had been 102 on the table, but the federal agency deferred 74 from any leasing and offered partial leasing on five other parcels. [Read more.](#)

- **BLM Lease Sale– Wyoming.** The BLM’s Wyoming State Office has posted its proposed list of parcels for the quarterly competitive oil and gas lease sale scheduled for Tuesday, February 7, 2017. The sale will be held at the Radisson Hotel in Cheyenne, Wyoming. Doors open at 7 a.m. with the auction beginning at 8 a.m. The list, posted on November 9, identified 283 parcels in Wyoming, totaling 184,784.25 acres, and initiated a 30-day public protest period. [Read more.](#)
- **BLM Lease Sale Environmental Assessment – Wyoming.** The BLM High Desert District is seeking public comments on the Environmental Assessment for the May 2017 Notice of Competitive Oil and Gas Lease Sale parcel offering. Twenty-eight parcels totaling 32,965.03 acres will be offered within the district, including 13 parcels in the Rawlins Field Office, one in the Pinedale Field Office, and 14 in the Kemmerer Field Office. [Read more.](#)
- **BLM Natural Gas Development Meeting – Wyoming.** The BLM’s Rawlins field office announced that it will host the 2016 annual meeting of the [Atlantic Rim Natural Gas Development Review Team](#) on December 10 in that southern Wyoming community. The team is made up of federal, state, county, and private entities charged with monitoring implementation of the project’s 2007 record of decision that authorized multiple operators to develop the 270,080-acre project. It selected an alternative that involves drilling 2,000 wells within the project area south of Rawlins, with a maximum 7,600-acre surface disturbance at any given time and a 6.5-acre/well site short-term ratio of less than 6 years. [Read more.](#)
- **BLM Updated Planning Process.** On December 1, the BLM announced it plans to overhaul its land use planning processes that could cut years off of planning efforts. The initiative, dubbed [Planning 2.0](#), aims to increase public involvement and incorporate the most current data and technology into BLM land use planning. The timing of the new rule, in the last two months of Obama administration, drew criticism from U.S. Sen. John Barrasso of Wyoming who predicted the new rule would take more authority from local land managers who already complain that too many decisions are made without local input. [Read more.](#)
- **U.S. Fish and Wildlife Service Environmental Impact Statement – Ohio, Pennsylvania, and West Virginia.** On November 25, the U.S. Fish and Wildlife Service (FWS) published their announcement to prepare a draft environmental impact statement (EIS) in the Federal Register ([81 FR 85250](#)). The EIS is for the proposed issuance of an incidental take permit (ITP) to streamline environmental permitting for midstream and upstream oil and gas companies in the three states. The companies, which will be co-permittees, intend to seek ITP coverage because their respective oil and gas exploration, production, and maintenance activities have the potential to incidentally take species that are known to occur in the three-State plan area and that are protected by the Endangered Species Act. [Read more.](#)

- **FWS Relisting of Lesser Prairie-Chicken.** On November 29, the FWS announced that an [environmentalist petition to relist the lesser prairie-chicken](#) under the Endangered Species Act “will move to the next phase”, finding that the petitioned action may be warranted. The bird was removed from the list of Endangered and Threatened Wildlife earlier this year following a court order. Environmentalists claim emergency protections are needed for isolated populations along the Texas-New Mexico border, in Colorado, and western Kansas. However, since losing their case in court, where a federal judge found that the agency failed to make a proper evaluation of the multistate conservation plan, the likelihood of relisting is slim, especially under the incoming administration. Nevertheless, the FWS has 90 days to make preliminary findings, conduct a status review, and then one year to make a final finding. The process can take even longer, especially given that the agency currently has more than 300 status reviews pending. [Read more.](#)

### **FEDERAL – Judicial**

- **BLM Methane Rule Challenge – Wyoming Federal Court.** On November 18, in [Wyoming v. Jewell](#) (Case No. 16-cv-285-8), the states of Wyoming and Montana filed suit against the Interior Department seeking judicial review of the BLM’s methane and waste reduction final rule, which was published in the Federal Register in November ([81 FR 83008](#)) in an effort to stop its January 17, 2017 implementation. The petitioners claim that the rule is “a blatant attempt by a land management agency to impose air quality regulations on existing oil and gas operations under the guise of waste prevention” and falls outside the agency’s authority. “The BLM is once again overstepping its bounds and imposing unnecessary regulations,” said Wyoming Governor Matt Mead. “Congress has delegated regulation of air pollution to the states and EPA, not BLM. Wyoming has successfully regulated air pollution emissions from oil and gas activities for over 20 years and has effective limitations on venting and flaring of natural gas.” [Read more.](#)

### **STATE – LEGISLATIVE**

- **Tax Liens; Tax Deeds – Montana.** On November 23, HB 18, was introduced by Rep. Tom Jacobson (D) at the request of the Revenue and Transportation Interim Committee. The bill would revise the process for the sale of a tax lien and issuance of a tax deed. [Read more.](#)
- **Royalties Reporting – Nevada.** On November 17, AB 82, was pre-filed on behalf of the Department of Taxation, and referred to the Assembly Committee on Taxation. The bill amends existing law to require a person extracting any minerals in the state to include in the annual statement showing gross yield and claimed net proceeds the amount of royalties paid and the name and address of each recipient of a royalty. The bill also requires the Department of Taxation to send its certificate of the amount of net proceeds and royalties paid, and the taxes due on those amounts, to the person

extracting the mineral, as well as requiring the person extracting the mineral to pay the taxes due on the amount of net proceeds and royalties paid. [Read more](#). (See further details under State-by-State Legislative Session Overview)

### **STATE – Regulatory**

- **Oil and Gas Regulations – Colorado.** (Update to 10/24/2016 Weekly Report). Boulder County’s moratorium on oil and gas development in unincorporated parts of the county, which was to have ended on November 18, will be kept in place at least through the end of January. County Commissioners voted to approve a “temporary emergency moratorium” through January 31 to give county staff time to start studying and preparing possible additions to the latest draft version of updated oil and gas development regulations the commissioners want in place before they start accepting applications for drilling oil and gas wells. Boulder County’s original moratorium on accepting and processing new oil and gas development applications was imposed in February 2012 and has been extended several times since. [Read more](#).
- **Railroad Commission – Texas.** As reported in the November 14 issue of the Weekly Report, the Texas Sunset Commission was announcing decisions concerning its agency review of the Texas Railroad Commission. Most notably, the Sunset Commission rejected part of the first of [seven recommendations](#) (seeking a change to the Railroad Commission’s name to the Texas Energy Resources Commission to reflect the agency’s current functions). However, the Sunset Commission did adopt the Sunset staff’s recommendation to reauthorize the Railroad Commission for 12 years. [Read more](#).

### **INDUSTRY NEWS FLASH:**

- ◆ **OPEC Agrees to Production Cuts to Curtail Oil Supply.** According to a Bloomberg report, OPEC members have agreed to its first cut in eight years. OPEC will reduce production by 1.2 million barrels a day to 32.5 million a day, two delegates said. Last Monday, Morgan Stanley said that such an OPEC agreement could boost crude prices by \$5 or more. [Read more](#).
- ◆ **Western Energy Alliance names new president.** On December 1, The Western Energy Alliance appointed Kathleen Sgamma as president, succeeding Tim Wigley. Sgamma has been the oil and natural gas trade association’s vice president of government and public affairs for more than a decade. An outspoken defender of federal resource development, Sgamma said in a statement that she’ll focus on burdensome regulations in the oil and gas sector, noting that “the regulatory barrage has gone far beyond reasonable environmental oversight and has become a means to hinder American producers and drive them off appropriate federal lands.” [Read more](#).

## State-by-State Legislative Session Overview

**Kansas** Republican Gov. Sam Brownback has announced that he is not seeking furloughs or layoffs in an effort to close the states \$350 million budget shortfall. Governor Brownback has ruled out addressing the shortfall prior to the release of his formal budget proposal in January, a move that has frustrated lawmakers. Without formal instructions agencies are continuing to spend at previously approved levels and as payroll makes up a large portion of the agencies budget, avoiding furloughs and layoffs becomes increasingly difficult to avoid as the fiscal year comes to a close. According to [The Topeka Capital-Journal](#), the shortfall could grow if monthly revenue continues to fall below expectations and if the state Supreme Court rules the current school finance system unconstitutional.

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

**California** is expected to convene its 2017 legislative session on December 5.

**California** and **Pennsylvania** adjourned on November 30.

**Illinois** adjourned a veto session on December 1. The [Chicago Sun-Times](#) reports that the state's spending authority granted by a partial budget approved in July runs out at the end of the year, and that negotiations over a budget are ongoing between Democratic leaders in the House and Senate and Republican Gov. Bruce Rauner. The legislature may reconvene before the end of the year to deal with budget issues.

**Delaware** Democratic Gov. Jack Markell and **New York** Democratic Gov. Andrew Cuomo have 10 days from presentment, Sundays excepted, to act on legislation or it becomes law without signature. **Illinois** Republican Gov. Bruce Rauner has 60 days from presentment to act on legislation or it becomes law without signature.

**Pennsylvania** Democratic Gov. Tom Wolf had acted on all legislation as of November 30.

**Utah** Republican Gov. Gary Herbert had acted on all legislation from the fourth special session as of November 21.

The following states are currently holding interim committee hearings: [Alabama](#), [Alaska](#), [Arizona](#), [Arkansas](#), [Colorado](#), [Connecticut](#), [Delaware](#), [Georgia House](#) and [Senate](#), [Hawaii](#), [Idaho](#), [Illinois](#), [Indiana](#), [Iowa](#), [Kansas](#), [Kentucky](#), [Louisiana](#), [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 Mexico](#), [New York Assembly](#) and [Senate](#), [North Carolina](#), [North Dakota](#), [Oklahoma House](#) and [Senate](#), [Oregon](#), [Rhode Island](#), [South Carolina](#), [South Dakota](#), [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](#), [Arkansas](#), [Colorado](#), [Florida](#), [Georgia House](#) and [Senate](#),

[Indiana](#), [Kentucky](#), [Missouri](#), [Montana](#), [Nevada](#), [New Hampshire](#), [North Dakota](#), [Oklahoma House](#) and [Senate](#) bill drafts and [profiles](#), [Tennessee](#), [Texas House](#) and [Senate](#), [Utah](#), [Virginia](#) and [Wyoming](#) (draft requests appear on individual committee pages).

## Royalty Payments

**Nevada AB 82** was pre-filed on November 27 and referred to the Assembly Taxation Committee. This bill would require every person who is extracting minerals to include the royalties paid, and name and address of each recipient of a royalty payment in their annual statement showing gross yield and claimed net proceeds. The bill would also require the Department of Taxation to send the amount of taxes due to the person who is extracting the mineral along with a statement of the amount of net proceeds and royalties paid. The taxes are due by the person who is extracting the mineral on or before May 10 of the year in which the certificate is received. If enacted, this bill would take effect on July 1.

This bill is sponsored by the Assembly Taxation Committee on behalf of the Department of Taxation.

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