AAPL
AMERICA'S LANDMEN

GOVERNMENTAL AFFAIRS

WEEKLY REPORT July 30, 2018

WEEKLY HIGHLIGHTS AT-A-GLANCE

FEDERAL – Legislative

- **S. 3214 - No Oil Producing and Exporting Cartels Act of 2018.** On July 16, Sen. Chuck Grassley (R-IA) introduced S. 3214, known as the No Oil Producing and Exporting Cartels Act of 2018, or NOPEC Act. According to Sen. Grassley, this bipartisan bill will combat artificial price fixing by OPEC member nations which has too often hindered U.S. domestic production. "We, in the United States, have been working for years to develop our domestic clean, renewable and alternative energy resources," says Sen. Grassley. "We're also committed to reducing our reliance on foreign oil, especially when it's artificially and illegally priced. Our bill shows the OPEC members we will not tolerate their flagrant antitrust violations." Read more.

FEDERAL – Regulatory

- **Arctic National Wildlife Refuge Study.** The Department of the Interior is fast-tracking a study that will look at how oil and gas drilling in the Arctic National Wildlife Refuge (ANWR) could impact the environment in advance of upcoming oil and gas lease sales in the area. The more than $1.6 million dollar study aims to provide the Interior Department with answers as to how much drilling in the protected habitat will affect nearby species and water sources. The study tracks with federal law passed last year that directs the agency to conduct two separate oil and gas lease sales in the ANWR coastal plain by December 2024. "After decades and decades in this chamber, we are opening up a small non-wilderness area of the Alaska National Wildlife Refuge for responsible development," said House Speaker Paul Ryan (R-WI) at the time of bill passage. Environmental groups have derided the compressed timeline, given that such studies historically took two to three years to complete. But Interior Secretary Zinke has reiterated his commitment to removing regulatory burdens in federal lands energy development. Read more.

- **BLM Oil and Gas Lease Sale – Arizona.** On July 23, the Bureau of Land Management (BLM) announced the opening of a 10-day public comment protest period for its oil and gas lease sale scheduled for September 6, 2018 in northern Arizona. The sale will include two parcels in Navajo County, totaling 3,561.07 acres, and the other parcel is in Apache County totaling 640 acres. Read more.

- **BLM Oil and Gas Lease Sale – New Mexico.** On July 23, the BLM removed a number of parcels near Carlsbad Caverns National Park for the agency's upcoming September 6, 2018 oil and gas lease sale. Those parcels (see BLM Final Sale Notice documents here) met with stiff environmentalist resistance, and the BLM decide to exclude all parcels within a 10-mile radius of the park to provide the agency with more time to study the local geology and its interaction with groundwater, according to the BLM's deputy state director. The BLM will now offer 142 parcels for lease in its September auction in Eddy, Lea and Chaves counties, down from the 173 initially proposed. The 10-day public protest period closes on August 1. Read more.

STATE – Regulatory

- **Orphaned Wells – Colorado.** On July 18, Colorado Governor John Hickenlooper (D) issued Executive Order No. D 2018-012 directing the Colorado Oil and Gas Conservation Commission (COGCC) to act to plug, remediate and reclaim orphaned oil and gas wells in the state. The Executive Order directs the COGCC to ensure a reduction in the backlog of high and medium priority orphaned wells and sites to zero; engage with the oil and gas industry to ensure the plugging, remediation, and reclamation of the wells and sites; and issue rules by September 1, 2019, to bolster the system of financial assurance that will prevent future orphaned wells and sites by providing sufficient funding for plugging, remediation, and reclamation activities. Further, the Executive Order gives the COGCC five years (to July 1, 2023) to work with the oil and gas industry to eliminate safety issues for currently listed orphaned wells and sites and for those which will be added over time. Read more.

- **Abandoned Wells – Pennsylvania.** On July 25, the Pennsylvania Department of Environmental Protection (PADEP) ordered three oil and gas companies to plug more than 1,000 wells by 2020 which have not produced, extracted or injected "any gas, petroleum or other liquid within the preceding 12 months." The order came after PADEP said all three companies failed to plug its self-reported abandoned wells and did not provide a schedule to the DEP for doing so. Read more.

- **Natural Gas Pipeline – Pennsylvania.** On July 21, the Pennsylvania Department of Environmental Protection (PADEP) published a notice for a proposed 3.2 mile-long pipeline, the Sweden Valley Project, which would transport Marcellus natural gas into the Ohio-Utica region. If approved, this will increase the demand for Marcellus gas since the gas will be used to generate electricity in the Midwest market. The Sweden Valley Project is expected to add another 120 million cubic feet per day of Marcellus shale gas top existing flows. Read more. To support the pipeline project, you may submit your comments by August 20 directly to PADEP (See pages 4352-4353 of the notice and public comment instructions here).

- **Well Permit Application Fees – Pennsylvania.** On July 14, the Pennsylvania Environmental Quality Board published proposed rulemaking to increase the well permit application fee for unconventional wells. The proposal seeks to raise the fee from the current $5,000 for non-vertical unconventional wells and $4,200 for vertical unconventional wells to $12,500 for all unconventional well permit applications. The increases come as the state reports that permit application and impact fees fall millions of dollars short of covering program and operations expenses. However, even if approved, the increases are not imminent, with the state Department of Environmental Protection stating that the fee increases, if implemented, won't occur until at least 2019 or 2020. Read more. The public comment period is open through August 13, 2018. To access the public comment instructions and the proposed rulemaking click here.

State-by-State Legislative Session Overview

Massachusetts, **New Jersey**, **Ohio** and **Pennsylvania** are in regular session. **California** is in recess until August 6. **Michigan** is in recess until August 15. The **District of Columbia** Council is in recess until September 15. **Illinois**, **New York**, **Rhode Island** and **Wisconsin** are in recess to the call of the chair.

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 that took place between July 12 and July 14. The House Judiciary Committee returned on July 26, according to the West Virginia Legislature.

Utah held a one-day special session on July 18 to address online sales taxes, reports the AP. **North Carolina** held a one-day special session on July 24 to address constitutional amendments on November ballots, reports the *Blue Ridge Public Radio*. The session is in recess and the legislature is expected to adjourn the week of August 5. **New Hampshire** held a one day special session 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.

Maine and **Virginia's** special sessions are in recess to the call of the chair.

Delaware Democratic Gov. John Carney had until July 30 to act on legislation or it becomes pocket vetoed. **Utah** Republican Gov. Gary Herbert has until August 7 to act on special session legislation or it becomes law without signature. **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 Coyler 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 had 20 days from presentment to act on legislation presented after May 8 or it becomes law. **Minnesota** Democratic Gov. Mark Dayton had 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. **North Carolina** Democratic Gov. Roy Cooper has ten days from presentment to act on special session 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 had 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 second special session, convened on June 26 and solely to consider the possible impeachment of justices, 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.

The following states are currently holding 2019 interim committee hearings: **Alabama**, **Alaska**, **Arizona**, **Arkansas**, **Colorado**, **Connecticut**, **Florida** House, **Hawaii**, **Idaho**, **Illinois** Senate, **Indiana**, **Iowa**, **Kansas**, **Kentucky**, **Maine**, **Maryland**, **Minnesota**, **Mississippi** Senate, **Missouri** House and Senate, **Montana**, **Nevada**, **New Hampshire** House and Senate, **New Mexico**, **New York** Assembly and Senate, **North Carolina**, **North Dakota**, **Oklahoma** House, **Oregon**, **Rhode Island**, **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, prefiles and interim studies: **Kentucky**, **Montana**, **Nevada**, **North Dakota**, **Oklahoma** House and Senate and **Utah**.

Oil and Gas

General

Colorado Rising, the group behind Initiative 97, filed a lawsuit against a political consultant after thousands of signatures for the ballot initiative disappeared, and which could possibly hamstring efforts to put the initiative before voters on the November 2018 ballot. The proposed initiative 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 New York Times*, the lawsuit alleges that political consultant Mike Selvaggio, who operates the company Direct Action Partners, left the state with around 15,000 signatures amidst a contract dispute. According to Mr. Selvaggio's lawyer the signatures were taken out of state because he believed he could process them more cheaply with his home staff. Colorado Rising, which needs 98,000 signatures before August 6 in order to get the initiative on the ballot, has since found the missing signatures at a Denver bus station, the *Denver Business Journal* reports.

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.

As noted in the last report, AAPL is actively supporting the effort to stop Initiative 97, and has partnered with Coloradans for Responsible Energy Development (CRED) in their grassroots effort against the measure. You can learn more about CRED and Initiative 97 at their website here and on their Facebook page here.