

GOVERNMENTAL AFFAIRS WEEKLY REPORT

Weekly Highlights At-A-Glance

FEDERAL – Legislative

S. 4041 – Save American Vital Energy (SAVE) Jobs Act. On June 23, Sen. John Cornyn (R-TX) was [joined by nine other senators from oil and gas producing states](#) to introduce the *Save American Vital Energy Jobs Act*, known as the *SAVE Jobs Act (S. 4041)*, to provide relief to America's energy industry during the coronavirus pandemic. The bill "aims to promote liquidity and flexibility for domestic energy companies so that they may maintain their workforce through the pandemic's economic downturn," says Sen. Cornyn. One of the bill co-sponsors, Sen. Kevin Cramer (R-ND), has also provided a useful [bill summary which you may access here](#). The bill contains provisions such as streamlining existing authority to grant lease extensions, suspensions of production, and suspensions of operations during the pandemic; simplifying the existing process for royalty rate reductions to provide more timely relief during the pandemic; and delaying the deadline for recalculation of royalty payments under the 2016 Office of Natural Resources Revenue Valuation Rule until July 1, 2022. The bill also suspends certain capitalization rules to immediately expense certain direct and indirect costs and would allow "taxpayers to expense 100 percent of the cost of intangible drilling costs in 2020." [Read more.](#)

FEDERAL – Regulatory

BLM; National Petroleum Reserve – Alaska. On June 25, the Bureau of Land Management (BLM) announced its latest plans for oil and gas leasing in the National Petroleum Reserve – Alaska (NPR-A). The [Final Integrated Activity Plan/Environmental Impact Statement](#) allows 18.7 million acres of the approximately 23-million-acre area to be open to

leasing. This area is significantly greater than the 11.8 million acres of the NPR-A that is currently open for oil and gas leases. The BLM plan would also open drilling in the Teshekpuk Lake Special Area, which is currently protected and is home to a variety of animals like caribou and migratory birds. Proponents of the plan said that this would give the U.S. more access to valuable resources, while opponents expressed concern about its environmental impacts. "President Trump has committed to expand access to our Nation's great energy potential," said Interior Secretary David Bernhardt in a statement. "Today's action is one more significant step in the process of delivering on his promise." [Read more.](#)

FEDERAL – Judicial

Surface Use and Access – West Virginia. On May 18, the U.S. District Court for the Northern District of West Virginia granted a preliminary injunction in favor of a natural gas operator. In *Arsenal Resources LLC v. Crim* (Case No. 1:20-cv-84), the natural gas operator, which had entered into a Surface Use and Compensation Agreement (SUCA) with the landowner, claimed their access road was unlawfully blocked from use. According to the Court, the agreements at issue, including a lease and extension of the lease as well as the SUCA, "expressly provide for Arsenal's right to use the access road and staging area for its oil and gas production. Crim has breached the contracts by preventing Arsenal from utilizing the access road and staging area. Arsenal has been damaged by this because it is prevented from exercising its contractual rights for which it has paid a considerable amount of money. For these reasons, Arsenal has made a clear showing that it is likely to succeed on the merits in its breach of contract claim." [Read more.](#)

STATE – Legislative

Oil and Gas Production – California. *(Update to 2/10/20 Weekly Report)* On June 19, AB 1441 was referred to the Senate Rules Committee for consideration. The bill has not moved since passing the Assembly in January. The measure, sponsored by Asm. Marc Levine (D), would recast provisions “relating to the state’s declared policy on oil and gas leases and the removal of underground hydrocarbons.” The major provisions are: “(1) Deletes the section of law that promotes the recovery of underground hydrocarbons. (2) Deletes a codified finding that states ‘the people of the State of California have a direct and primary interest in assuring the production of optimum quantities of oil and gas from lands owned by the state.’ (3) Recasts the state’s policy from encouraging the wise development of oil and gas resources to ensuring the wise oversight of oil and gas development.” The California Independent Petroleum Association publicly opposes the bill, saying “the contents of which were vetoed by the governor last year ([AB 1440](#)), remains unnecessary considering the governor’s signing of [Assembly Bill 1057 \(Limon\)](#) last year, which already accomplished what your bill seeks to achieve.” [Read more.](#)

Occupational Licensing – Colorado. *(Update to 6/22/20 Weekly Report)* On June 25, bipartisan bill, HB20-1326, was signed into law by Gov. Jared Polis (D). The Act creates the “occupational credential portability program” to allow the recognition of out of state occupational credentials “to reduce certification, registration and licensure barriers” and foster economic opportunities for workers. The Act is effective January 1, 2021. [Read more.](#)

Corporation Franchise Tax – Louisiana. On June 23, SB 6 passed the House. This special session bill, sponsored by Sen. R.L. Bret Allain II (R), passed the Senate earlier in the month. This measure provides for a suspension of the corporation franchise tax on the first \$300,000 of taxable capital for small business corporations and defines a “small business

corporation” as an entity that is subject to the corporation franchise tax, and that has taxable capital of \$1,000,000 or less. The proposed law retains the present law tax rate of \$3 per \$1,000 of taxable capital above \$300,000 and retains the first bracket of the tax for all taxpayers with taxable capital above \$1,000,000. The proposed law suspends the initial franchise tax for small business corporations and applies only to taxable periods beginning between July 1, 2020, and June 30, 2021. [Read more.](#)

Taxation – Louisiana. On June 23, the Senate passed HB 1729. The bill, sponsored by Rep. John Thomas Lamar, III (R), passed the House in May. The measure makes certain amendments to tax credits. [Read more.](#)

Severance Taxes– Louisiana. *(Update to 6/8/20 Weekly Report)* On June 23, HB 1746 died in the Senate. The bill passed the House earlier in June. The bill, sponsored by Rep. John Lamar (R), would have temporarily reduced oil and gas severance taxes. [Read more.](#)

Recording Fees – Mississippi. *(Update to 6/22/20 Weekly Report)* On June 29, HB 1175 was signed into law by Gov. Tate Reeves (R). The Act, sponsored by Rep. Brent Powell (R), revises court clerk fees charged for recording oil and gas assignment instruments from a per book and page fee to a “per assignee” flat fee and allows for a set fee for marginal notations entered pertaining to the recording of oil and gas assignments. The Act takes immediate effect. [Read more.](#)

Notarial Acts – Mississippi. *(Update to 6/22/20 Weekly Report)* On June 25, HB 1156 was signed into law by Gov. Tate Reeves (R). The Act, sponsored by Rep. Shane Aguirre (R), revises notarial law to define certain terms, set electronic documents provisions, and provides for the procedures and processes related to the performance of notarial acts. The Act is effective July 1, 2021. [Read more.](#)

Severance Tax Payments – Mississippi. *(Update*

to 6/22/20 Weekly Report) On June 22, HB 977 was signed into law by Gov. Tate Reeves (R). The Act, sponsored by Rep. Brent Powell (R), amends existing law to change the severance tax payment due date. This bill mirrored Senate companion bill [SB 2761](#), which was introduced in February by Sen. Joel Carter, Jr. (R) and died in committee in favor of the House version. [Read more.](#)

Special Session; Delayed Tax Payments – New Mexico. On June 18, HB 6 was signed into law by Gov. Michelle Lujan Grisham (D). The Act waives penalties and interest for delayed tax payments, which includes corporate, personal, and gross receipts taxes among other measures. The Act states no penalty or interest will be assessed for tax payments or managed audits due primarily in the second quarter of 2020 as long as the failure to pay was not an intentional attempt to evade the tax. The Act also requires those payments to be made in full within one year. The special session Act is effective immediately. [Read more.](#)

Special Session; Emergency Measures; Remote Notarial Acts; Wills – New Mexico. On June 18, HB 3 was introduced by Rep. Antonio Maestas (D) in the special session. The bill would alter or suspend the in-person requirements relating to notarial acts, the execution of wills and the holding of shareholder meetings during the current public health emergency. [Read more.](#)

Special Session; Remote Notarial Acts – New Mexico. On June 18, HB 12 was introduced by Rep. Alonzo Baldonado (R) in the special session. The bill would permit the development of a remote platform to complete certain notarial acts. [Read more.](#)

Partition Actions; Future Interests; Cotenants; Joint Tenants – North Carolina. (Update to 5/26/20 Weekly Report) On June 19, bipartisan bill SB 729 was signed into law by Gov. Roy Cooper (D). The Act makes certain conforming amendments to existing partition law and also provides that when title to oil, gas or mineral interests in real property has been separated in ownership from the title to the surface

of the property, a tenant could partition the oil, gas or mineral interests, distinct from the surface without joining the owner of the surface. A tenant in common or joint tenant of the surface of the property would be able to partition surface distinct from the mineral interest without joining the owner of the surface. The Act is effective October 1, 2020. [Read more.](#)

Hydraulic Fracturing – Pennsylvania. On June 22, SB 1217 was introduced by Sen. Daylin Leach (D). The bill would create a constitutional amendment banning hydraulic fracturing in Pennsylvania. The bill is not expected to move in the Republican-controlled chamber. [Read more.](#)

Hydraulic Fracturing – Pennsylvania. On June 22, SB 1218 was introduced by Sen. Daylin Leach (D). The measure is a Joint Resolution calling for a constitutional amendment banning hydraulic fracturing in Pennsylvania. The Joint Resolution is not expected to move in either chamber of the Republican-controlled General Assembly. [Read more.](#)

STATE – Regulatory

COGCC Conservation (Mill) Levy Rulemaking – Colorado. On June 30, the Colorado Oil and Gas Conservation Commission (COGCC) submitted to the Secretary of State notice of the COGCC's Conservation Levy rulemaking. This rulemaking proposes setting the mill levy at \$0.0017. To access the rulemaking proposals and related documents [read more here](#). For more information on attending upcoming public hearings related to this rulemaking, [read more](#) from the COGCC. For more on the conservation mill levy on the market value of oil and natural gas produced at the well, [Read more.](#)

COGCC Appointments – Colorado. On June 22, the Colorado Oil and Gas Conservation Commission (COGCC) announced that Gov. Jared Polis (D) chose new appointments to the COGCC as mandated by SB19-181, which the governor signed into law last year. ([Read more about SB19-181 here](#)) The new law

transitions the COGCC leadership from 9 appointees to a professional 5-member commission. Among those appointed are a land manager from OXY who holds a law degree from the University of Texas School of Law as well as various public officials and past and present COGCC staff. [Read more.](#)

Public Lands – New Mexico. On June 25, the New Mexico State Land Office (NMSLO) announced a case study conducted in partnership with satellite imagery company, Planet, to “identify trespass and protect public lands.” For the study, the NMSLO Oil, Gas, and Minerals Division leveraged PlanetScope Monitoring to observe leased and to-be leased lands in the Permian Basin, located in the southeast region of the state. The high frequency and broad-area coverage provided by PlanetScope helped the Division achieve greater compliance of leased land and proactively identify activities that fell outside of the lease terms, which generated revenue for the state. Mineral analysts were better able to identify trespassing violations, illegal removal of material from mining sites, and/or improper waste disposal that otherwise might have gone unseen because there were not enough boots on the ground, or other imagery sources were outdated. [Read more.](#)

Oklahoma Corporation Commission Permanent Rulemaking – Oklahoma. On June 25, Gov. Kevin Stitt (R) issued a [Governor’s Declaration Regarding Submitted Agency Rules](#) which declares that all rules submitted for consideration for the period beginning April 2, 2019 through April 1, 2020 are approved and finally adopted. According to the Oklahoma Corporation Commission (OCC), all permanent rules submitted for consideration by the OCC are approved and finally adopted. “The approved OCC rules are: Chapters 5, 10, 15, 20, 25, 26, 27, 29, and 35. The approved rules in each chapter will become effective on October 1st. Updated versions of each proposed chapter will be posted to the OCC website following October 1st.” [Read more.](#)

Oklahoma Corporation Commission Appointment – Oklahoma. On June 17, the Oklahoma Corporation Commission (OCC) announced that OCC

Commissioner Bob Anthony has been named to serve his sixth straight term on the National Petroleum Council (NPC) by U.S. Secretary of Energy Dan Brouillette. Created in 1946 by President Truman, the Council provides essential advice, information, and recommendations to the Secretary of Energy on matters related to U.S. oil and natural gas policy. Anthony was first appointed to the NPC in 2010. [Read more.](#)

Railroad Commission Webinars – Texas. The Texas Railroad Commission (RRC) has announced it will host a “series of free oil and gas regulatory webinars to inform and train energy industry representatives on the applicable laws, rules and procedures for hydrocarbon production in Texas.” The RRC program will begin July 7 and includes a variety of topics including completions filings for oil, gas and underground injection control; drilling permits and online filings; field transfers; groundwater protection determinations; inactive wells; oil storage – surface and underground; oil and gas waste stream management requirements; production reporting and commingle permit applications; production sharing agreement and allocation wells; Public GIS Viewer new tools; severance tax incentive certification application; transportation and storage reporting; and underground injection control permitting, testing and monitoring requirements. [Read more.](#)

STATE – Judicial

Climate Change Lawsuit – Minnesota. On June 24, Minnesota Attorney General Keith Ellison (D) [filed a climate change lawsuit](#) in state court against the American Petroleum Institute, ExxonMobil, Koch Industries, Inc., Flint Hills Resources LP, and Flint Hills Resources Pine Bend, alleging consumer fraud and deceptive trade practices by alleging the defendants deceived and defrauded Minnesotans about climate change. *(Please see a similar case brought by the Washington, DC Attorney General below)* In the case, [Minnesota v. American Petroleum Institute, et al.](#) (Case No. not yet publicly available), the defendants are accused of making inaccurate

statements that were “part of a conspiracy to defraud consumers and the general public, including consumers and the public in Minnesota, about climate change and the role of fossil-fuel products in climate change.” This suit comes in the wake of numerous other federal and state climate change lawsuits AAPL has covered over the past few years – none of which have yet to prove fruitful against the industry other than allowing for a change of court venue in certain instances. [Read more.](#)

Climate Change Lawsuit – Washington, DC.

On June 25, the Attorney General for Washington, DC sued ExxonMobil, BP, Chevron, and Shell in DC Superior Court for allegedly misleading consumers about the role fossil fuels play in climate change. In [District of Columbia v. ExxonMobil Corp., et al.](#) (Case No. not yet publicly available), DC Attorney General Karl Racine, alleges that the companies “systematically and intentionally misled consumers in Washington, DC ... about the central role their products play in causing climate change.” Specifically, the suit accuses the companies of knowing about the impact carbon emissions would have on climate change since as early as the 1950s and promoting disinformation about fossil fuel products. “For decades, these oil and gas companies spent millions to mislead consumers and discredit climate science in pursuit of profits,” said Racine in a statement. “The defendants violated the District’s consumer protection law by concealing the fact that using fossil fuels threatens the health of District residents and the environment.” ExxonMobil spokesman Casey Norton told The Hill in an email that the suit’s claims are “baseless and without merit.” According to Norton, “This lawsuit is part of a coordinated, politically motivated campaign against energy companies [...] Legal proceedings like this waste millions of dollars of taxpayer money and do nothing to advance meaningful actions that reduce the risks of climate change.” [Read more.](#)

Dormant Mineral Act; Marketable Title Act – Ohio.

On May 11, in [Cain v. Horn](#) (Case No. 2020 Ohio 3171) the Ohio Court of Appeals, Fifth Circuit, addressed whether the more specific provisions of the Dormant

Mineral Act (DMA) control over the general provisions of the Marketable Title Act (MTA) with regard to claims concerning the abandonment and extinguishment of a previously severed mineral interest. Here, the Court held that “the MTA and DMA are separate and distinct and the two statutes do not irreconcilably conflict.” As such, the Court found that a claim for quiet title involved the extinguishment of a mineral reservation and although parties to the action had previously filed an action to quiet title under the DMA, “such did not prohibit them from filing an action under the MTA.” [Read more.](#)

INDUSTRY NEWS FLASH

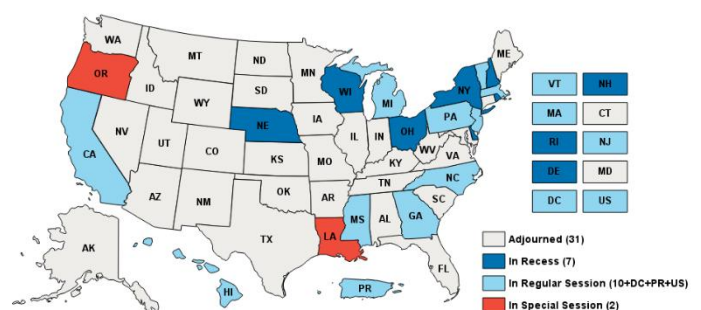
► Fossil fuels still supply 84% of world energy.

According to the BP’s just-released [Statistical Review of World Energy 2020](#), fossil fuels still accounted for 84% of the world’s primary energy consumption in 2019. The Review provides a comprehensive picture of supply and demand for major energy sources on a country-level basis. [Read more.](#)

► **Petroleum demand begins recovery.** According to the American Petroleum Institute’s latest monthly statistical report, petroleum demand, as measured by total domestic petroleum deliveries, was 16.2 million b/d in May. This was 20% below the May 2019 level but reflected an increase of 14% (2 million b/d) from April—the largest percentage increase for any month since December 1975. [Read more.](#)

LEGISLATIVE SESSION OVERVIEW

States in Session



Session Notes: California, Georgia, Hawaii, Massachusetts, Michigan, Mississippi, New Jersey, North Carolina, Pennsylvania, and Vermont are in regular session. The U.S. Congress is in recess until July 20.

The following legislatures had postponed their 2020 legislative sessions due to COVID-19 until the dates provided: **Nebraska** (July 20) and **Wisconsin** (TBD).

The following states adjourned on the dates provided: **Tennessee** (June 22), **Delaware** and **Rhode Island** (June 30).

Special Sessions (by date): **Louisiana** began a special session immediately after the adjournment of the regular session on June 1, reports [WBRZ](#). The legislature will discuss the spending of federal coronavirus aid and the expansion of tax break programs. This special session cannot last longer than June 30.

Oregon convened a special session on June 24, which will focus on police accountability and coronavirus related legislation, reports [The Oregonian](#).

Utah ended its special session on June 19 after passing a series of bills relating to the ending of knee-to-neck police chokeholds and novel state programs aimed to lessen the impacts of COVID-19 on small businesses in the state, reports [Deseret News](#).

Minnesota ended its special session on June 20. Although ambitious bill packages were discussed, the session ended without passing any major bills, reports [KARE 11](#).

New Mexico ended its special session on June 22 after approval of police camera and pandemic relief bills. These bills would require all police officers to wear body cameras and authorize up to \$400 million in low interest loans to help small business survive, reports the [Albuquerque Journal](#).

Nevada Democratic Gov. Steve Sisolak will convene a special session before the end of the fiscal year, which is June 30, reports [The Center Square](#). The special session will focus on the state's budget shortfall as a result of COVID-19.

South Carolina is expected to meet for a two-week special session starting September 15, reports [The News & Observer](#).

Signing Deadlines (by date): **Iowa** Republican Gov. Kim Reynolds has until July 14 to act on legislation or it will be pocket vetoed. **Missouri** Republican Gov. Mike Parson has until July 14 to act on legislation or it becomes law without signature. **Colorado** Democratic Gov. Jared Polis has until July 15 to act on legislation or it becomes law without signature. **Alaska** Republican Gov. Mike Dunleavy must act on legislation within 20 days of presentment, not including Sundays or it becomes law without signature. **Arkansas** Republican Gov. Asa Hutchinson has 20 days from presentment to act on legislation or it becomes law without signature. **Connecticut** Democratic Gov. Ned Lamont must act on legislation within 15 days of presentment or it becomes law without signature. **Florida** Republican Gov. Ron DeSantis has 15 days from presentment to act on legislation or it becomes law without signature. **Kansas** Democratic Gov. Laura Kelly has 10 days from presentment to act on legislation or it becomes law without signature. **Kentucky** Democratic Gov. Andy Beshear has 10 days from presentment, Sundays excepted, to act or legislation becomes law without signature. **Louisiana** Democratic Gov. John Bel Edwards has 20 days from presentment to sign or veto legislation or it will become law without signature. **Maine** Democratic Gov. Janet Mills must act on legislation presented within 10 days of adjournment or it becomes law unless returned within three days after the next meeting of the same legislature. **South Carolina** Republican Gov. Henry McMaster has until two days after the next meeting of the legislature to act on legislation or it becomes law. **Tennessee** Republican Gov. Bill Lee has 10 days starting the day after

presentment, Sundays excepted, to sign or veto legislation or it becomes law without signature.

Interim Committee Hearings: The following states are currently holding 2020 interim committee hearings: [Alaska](#), [Arizona](#), [Arkansas](#), [Colorado](#), [Connecticut](#), [Idaho](#), [Indiana](#), [Kansas](#), [Kentucky](#), [Maine](#), [Maryland](#), [Minnesota](#), [Missouri House](#) and [Senate](#), [Montana](#), [Nevada](#), [New Mexico](#), [New York Assembly](#) and [Senate](#), [North Dakota](#), [Oregon](#), [South Carolina House](#) and [Senate](#), [South Dakota](#), [Tennessee](#), [Utah](#), [Virginia](#), [Washington](#) and [Wyoming](#).

Bill Pre-Files: [Kentucky](#) and [Utah](#) are currently posting 2020 bill drafts, pre-files and interim studies. ■

CONTENT DISCLAIMER: Information and/or website links provided by sources in this report may be among the many resources available to you. This report does not endorse nor advocate for any particular attorney or law firm, or other private entity, unless expressly stated. Any legal and/or tax information contained herein is neither legal nor tax advice. Links are provided for reference only and any cited outside source is derived solely from material published by its author for public use. Any copyrighted material remains the property of its respective owner and no use or distribution authorization is granted herein.

PLEASE NOTE: Due to legislative session breaks and summer scheduling, there is no report on July 20. The next report will be published July 27. In the interim, please keep an eye on the AAPLConnect member forums and Landnews e-newsletters for breaking information.
