



CHALLENGES & OPPORTUNITIES FOR TEXAS OIL AND NATURAL GAS

PIPELINERS ASSOCIATION
OF HOUSTON

OCTOBER 11, 2021

BACKGROUND

- **Texas Department of Agriculture** – Commissioner Todd Staples
- **Texas House of Representatives** – Representative Drew Darby – Energy Resources Chairman
 - House Bill 40
 - Budget Work
 - Oil & Gas Legislative Items: seismicity, transportation, Sunset Commission
- **Railroad Commission** – Commissioner Christi Craddick
 - Budget: plugging, personnel and IT Mainframe Transformation
 - Proration
 - Flaring



OUTLINE

- Global Energy Crisis: Europe, Asia, US
- Texas leads the way: taxes, jobs, environmental progress
- Headwinds: policies designed to harm domestic production of oil/gas
- Changing Message: Lifting billions out of poverty, reshoring manufacturing jobs, meeting the world's challenges
- Action: Must be involved in organizations, proud to work in oil/gas, engage in elections and with your elected officials
- Q&A

GLOBAL ENERGY CRISIS

- Europe
- Asia
- US

WINTER STORM URI

- Winterization before the storm:
 - Heating equipment
 - Methanol injections or other chemicals to reduce ice build-up
 - Lowered fluid levels in storage due to both ice and the inability to get pumper trucks back in for an unknown period
 - Third-party monitoring and support
 - Prepare their field operations with regular updates on the storm and conditions.

LEGISLATIVE RESPONSE

- Problems
 - Electricity was the main one, but it was not the only issue.
 - Roads
 - Weather and ice
 - Telecom
- Solutions
 - Communication
 - Critical Infrastructure designation and load resource program
 - Supply Chain Mapping
 - Gas is necessary for home heating & electricity and need more of it



TEXAS LEADING THE WAY

- Production Records
- New Discoveries
- Tax Revenues
- Jobs
- Environmental progress
- Positive Legislation on Eminent Domain, Energy Investments, Pushback on Anti-Natural Gas Efforts

HEADWINDS

- A generational shift
- Policies designed to harm domestic production of oil/gas
 - Outright prohibitions on fossil fuel production, leasing or pipelines
 - Bans on use
 - Tax Policy
 - Environmental Prohibitions
 - Trade constraints

CHANGING MESSAGE

- Lifting billions out of poverty
- Saving Americans thousands of dollars
- Reshoring manufacturing jobs
- Meeting the world's challenges

ACTION

- Must be involved in organizations
- Proud to work in oil/gas
- Engage your elected officials and participate in elections



- 2,600 Members: Independent operators, particularly small, family businesses
- 90+ years in operation
- Representing in Austin and Washington DC
- Economic Analysis: Texas Petro Index

ALLIANCE ACTIVITIES

- Zoom Webinars
- Social Media
- Daily, Weekly and Monthly Publications
- Celebrated 90 Years in 2020
- Insurance Programs





Through the Years

NTOGA 1930 - 1937

On January 18, 1930, a group of about 50 independent oil producers met at the brand new Wichita Club in downtown Wichita Falls, Texas, to protest "the recent drastic price cut in crude oil, inaugurated by some of the major purchasing companies."

They drafted and voted upon a resolution, acknowledging what was popular opinion at the time: that crude oil is a very precious, finite resource, and it "should be conserved in every way possible, for the welfare and happiness of this and other generations [...]"



P.B. 'Barney' Flynn

One week later, on January 25, 1930, the group of independents formally organized and became the **North Texas Oil and Gas Association (NTOGA)** - one of the Alliance's founding associations.

P.B. 'Barney' Flynn was elected NTOGA's first President.

A Board of Directors was selected, bylaws were adopted, and a dues structure was established (\$100 for the largest producers to \$10 for producers of small quantities of crude oil).

NTOGA's agenda quickly expanded to include support of a tariff on imported oil, prorationing, property taxes, common carrier status of crude oil pipelines, oil field thefts and membership.



The industry's disappointment over the ability of the Railroad Commission of Texas (RRC) to enforce prorationing laws led to an effort in 1933 to abolish the elected terms of the commissioners and to have the Governor appoint



J.S. Bridwell

The resolution committee then reported, and the resolution drafted by them was read by the Secretary, and approved by those present. The resolution:

"We deplore the recent drastic price cut in crude oil, inaugurated by some of the major purchasing companies, and feel that such a reduction in price is not for the best interest of the oil industry. This cut is a severe blow to this entire community, and we feel that it is unfortunate that you deem it necessary to take this action.

We call attention to the fact that the production in this area is approximately the same now that it has been for the past ten years.

The operators attending this meeting have felt that proration in new and flush fields was going to take care of the situation, and stabilize the price of crude for the year 1930. Apparently this is not the case. We therefore urge you to restore the price of crude to its former place, and you can rest assured that we will cooperate in every way possible, in this district, to shut down the drilling of every well that it is not absolutely necessary to drill, until conditions become better.

We further believe that this bespeaks the attitude of all of the independent oil operators in the Mid-Continent Field.

We realize that crude oil is a very valuable, natural resource, and should be conserved in every way possible, for the welfare and happiness of and other generations, and we see no reason why constructive program of conservation cannot be into operation in the Mid-Continent Field, so this most valuable product can be conserved; and we believe that this is possible, providing the major oil companies are as willing to cooperate this movement as are the independents."

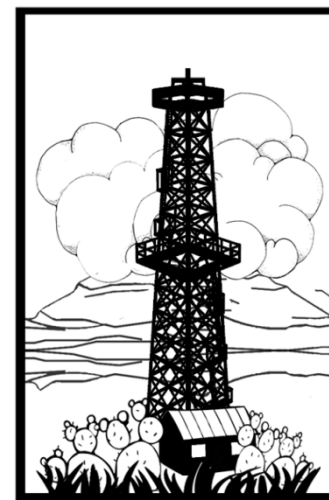
The resolution committee further recommended to the that the following telegram, addressed to E. B. Reed, President of the Barnsdall Oil Co., be endorsed and him:

"We urgently commend the position you took Friday the Tulsa meeting, in deploring the price cut in Mid-Continent crude by some of the major purchasing companies, as we too believe that it is not for the interest of the oil industry at this time; this the unanimous expression of one hundred and fifty our local operators assembled here today."

This recommendation was unanimously approved.

There being no further business, the meeting adjourned.

Chairman



WeCTOGA

INSURANCE

Relationship with Boley Featherston and One Star Insurance Solutions since 1987, offering Alliance members:

- Property, General Liability, Business Auto, Pollution
- Umbrella Liability
- Workers' Compensation
- Control of Well and Oilfield Property



**Texas Alliance of Energy Producers
Healthcare Initiative Program**

Level-funded Group Health Benefits Program featuring healthcare benefit savings as compared to traditional coverage options.

Presented By





Membership Opportunities:

- **BASIC MEMBERSHIP - \$240** 12-Month Membership for one person
- **CORPORATE MEMBERSHIP - \$325** 12-Month Membership for up to five (5) persons
- **BLACK GOLD MEMBERSHIP - \$750** 12-Month Membership for up to seven (7) persons
- **CHAIRMAN'S ROUNDTABLE - \$1,250+** 12-Month Membership for up to nine (9) persons

All above Membership Levels include the following benefits:

- Representation on issues at the Railroad Commission, the Texas Legislature, and the Congress by experienced government relations team;
- Opportunity to serve on Alliance committees, Board of Directors and as an officer;
- Eligible to receive member discount and dividend in Alliance endorsed insurance programs;
- Access to important oil and gas price information;
- Opportunity to sponsor and participate at all Alliance events and to network with decision-makers in oil patch;
- Receive monthly newsletter, *NewsLine*, digital *Energy Beat*, digital *News Report*, and *American Oil & Gas Reporter Magazine*;
- Special briefing by staff on state and federal issues by Alliance staff; and
- Discount for members on office equipment through Canon.

- **PRESIDENT'S FORUM - \$10,000+** 12-Month Membership for up to twenty (20) persons

Membership benefits include:

- All benefits listed above
- Invitation to Legislative Planning meeting in Austin for Texas Legislative Sessions;
- Gold Level Sponsorship at Alliance Expo & Annual Meeting;
- VIP table seating at all Alliance Events;
- Availability for Alliance staff to speak at your company's events on a case by case basis;
- One webinar per year on topic of member's choice utilizing Alliance unique regulatory skills;
- Special recognition for you and your company at all Alliance events;
- Social media support of member including press releases or other approved items with Alliance members; and
- Receive prestigious wall plaque; and
- Opportunity to sponsor and participate in private legislative meetings with key members during Texas Legislative Sessions.

MEMBERSHIP



Q&A





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