



IN THE PIPELINE

TEXAS PIPELINE ASSOCIATION NEWSLETTER

SUMMER 2016

WELCOME TO OUR INAUGURAL ISSUE



Welcome to the inaugural issue of *In the Pipeline*, the Texas Pipeline Association's quarterly e-newsletter. It is our hope that this highly-targeted communications vehicle will further raise TPA's profile and help keep our members and other stakeholders informed and one step ahead of the regulatory, environmental and legislative issues that impact our industry. In addition to reporting on industry news, each issue will highlight member company news, new members, leadership messages and event and calendar news. We will also feature analysis on matters we know are important to you, such as this month's scorecard on the energy-related views of the two presidential front-runners Trump and Clinton.

We look forward to your thoughts and feedback on the first issue.

Enjoy!

Mike Heim
Chairman
Texas Pipeline Association

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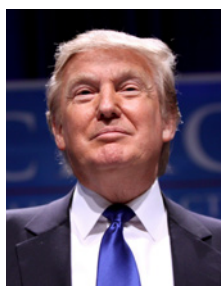
CLINTON VS. TRUMP: WHERE DO THEY STAND ON ENERGY POLICY?

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By Don Lewis, Duggins Wren Mann & Romero, LLP

With the 2016 election drawing closer, the question arises as to what sort of energy and environmental policies the next president might embrace and attempt to implement. The president's policy views can and often do have a tremendous impact in shaping the direction of new legislation and regulations. From the White House, the president can advocate for policy changes through the passage or veto of new legislation, by exercising the unique power to unilaterally implement significant policies through executive action such as executive orders, or by leading the promulgation of federal agency regulations.

Given the significant impact the president's views can have on the development and implementation of federal policies, it is timely



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MESSAGE FROM THE PRESIDENT



Welcome to the very first edition of *In the Pipeline*! The purpose of this newsletter is to inform and educate you on important issues facing the Texas pipeline industry and update you on legislative and association news and events. Other goals of *In the Pipeline*

are to expand the brand of the association, utilize it as an informational publication for policy makers and the public and highlight member company news stories. We are excited about this new venture. It is our hope that you will find it beneficial for your company and the industry.

An exciting aspect of *In the Pipeline* is the fact that the content contributors are industry experts and company insiders. In this inaugural issue, TPA Pipeline Safety Chairman Charles Yarbrough pens an informative piece on the

importance and intricacies of pipeline safety practices and technology. Longtime pipeline lawyer Phil Gamble gives a summary about the ongoing Railroad Commission Sunset Review process and recaps TPA's participation in the Texas Senate's State Affairs Committee Interim hearing on eminent domain issues. And pipeline environmental attorneys Celina Romero and Don Lewis highlight the environmental policy differences between the two presumptive national presidential candidates.

We encourage member companies to become actively engaged in contributing to *In the Pipeline*, as that input will make the newsletter even better. We thank all of the inaugural contributors for their input and look forward to observing the evolution of *In the Pipeline*. Thank you for all of your contributions and dedication to our industry.

– Thure Cannon

ENVIRONMENTAL AND REGULATORY ISSUES

RAILROAD COMMISSION OF TEXAS UNDERGOES THIRD SUNSET REVIEW SINCE 2010

WHAT THE PIPELINE INDUSTRY NEEDS TO KNOW...

By Phil Gamble, The Law Office of Phil Gamble

Leading up to the 2017 Texas legislative session, the Sunset Commission will review 24 agencies – including the Railroad Commission of Texas. What exactly does a Sunset review entail?

The Texas Legislature created the Sunset review process in 1977 to answer the question: “Is government giving us our money’s worth?” Consequently, each of the state’s 130 agencies are reviewed every 12 years to determine whether the agency’s functions continue to be needed and, if so, evaluate its efficiency and effectiveness.

The Sunset Commission was established by the Texas Sunset Act, which can be found in chapter 325 of the Government Code. Since its inception, the Sunset Commission has conducted nearly 500 reviews of state agencies. As a result, 79 agencies have been abolished, including 37

agencies that were completely abolished, and 42 that were abolished with certain functions transferred to existing or newly created agencies.

WHO MAKES UP THE COMMISSION?

The Sunset Commission is comprised of 12 members. The Lieutenant Governor appoints five members from the Senate and one public member. The Speaker appoints five members from the House and one public member. Senate and House members serve four-year terms, with public members serving two-year terms. The chairmanship rotates between the Senate and the House every two years. House member Larry Gonzales will be chairman for the 2017 legislative session. The Sunset Commission appoints a director who employs a full staff of approximately 29 (excluding commissioners).

TEXAS SUNSET COMMISSION MEMBERS:

House members
Larry Gonzales (R) Round Rock – Chairman
Cindy Burkett (R) Sunnyvale
Dan Flynn (R) Van
Senfronia Thompson (D) Houston
Richard Peña Raymond (D) Laredo
William Meadows - public member

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VIGILANCE, TECHNOLOGY AND TRAINING HELP ENSURE PIPELINE SAFETY AT ATMOS PIPELINE - TEXAS

By Charles Yarbrough, Atmos Pipeline - Texas

Source: Atmos Pipeline - Texas

Like most pipeline operators, safety is the top priority at Atmos Pipeline - Texas. With the goal of being incident-free every day, employees are constantly challenged to focus on all the small things it takes to operate a safe and reliable system and to return safely home every evening to their families. Atmos Pipeline - Texas utilizes a number of activities to achieve these goals.

As required by law, Atmos participates in the statewide one-call systems to provide excavators with the location of its pipeline facilities prior to the start of excavation. However, in order to better protect its pipeline facilities from damage by outside forces such as excavation and to detect leaks, Atmos performs aerial patrols bi-weekly of its transmission pipeline facilities in the Dallas-Fort Worth and other urban areas.

THE LATEST IN DETECTION TECHNOLOGY

Aerial surveillance allows Atmos to identify areas where construction activity may be beginning and to contact the individuals involved in that activity to make them aware of pipeline facilities – even if no call was made to the one-call systems. It also permits Atmos to evaluate potential risks to the pipeline and coordinate with construction personnel to take protective measures. Because excavation damage is still the leading cause of damage to pipelines in Texas, this effort has been critical to avoiding incidents for high-pressure transmission pipelines in urban areas with the greatest likelihood for injury to people and property damage.

The bi-weekly aerial patrols also allow for visual identifi-

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AS TEXAS SENATE CONSIDERS CHANGES TO EMINENT DOMAIN AUTHORITY, TPA WEIGHS IN

By Phil Gamble, The Law Office of Phil Gamble

The Texas Pipeline Association (TPA) this past spring testified in front of the Texas Senate State Affairs Committee, which met on March 29, 2016, to consider changes to landowner condemnation rules. Proposed interim changes include:

- Gather and review data on the compensation provided to private property owners for property purchased or taken by entities with eminent domain authority;
- Examine the variance, if any, between the offers

and the fair market values of the properties taken through eminent domain; and

- Make recommendations to ensure property owners are fairly compensated.

The Senate State Affairs Committee heard testimony from three panels. Panel 1 included Judon Fambrough, attorney and lecture at Texas A&M, Kathleen Hunker, Texas Public Policy Foundation, and Randy Hoppman, Texas De-

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MEMBER COMPANY NEWS

TPA member Howard Energy Partners took part in the very successful **STEER Spurring Energy Day** on April 1 at the AT&T Center in San Antonio, Texas. More than 1,000 Texas middle- and high-school students learned about energy careers and the importance of the state's oil and gas industry. View the video [here](#).



Source: Howard Energy Partners



Kelly McBeth, Texas Energy Lobby, Brandon Seale, Howard Energy Mexico, and Thure Cannon, TPA.

On March 8, **Howard Energy Partners** testified in front of the International Trade & Intergovernmental Affairs Committee on its Mexico activities and that country's efforts to offer a more competitive energy environment and attract international capital. Said Brandon Seale, president of Howard Energy Mexico, our location in San Antonio has "placed us on the front door of the most exciting new market in North America." Seale offered his perspective on the "commercial challenges" of this new market, including state monopolies, lack of private actor participation and securing credit support from private Mexican counterparties. At the same time, he praised the "transparent regulatory environment" of Texas.

Oil & Natural Gas Builds Texas

#1
OIL & NATURAL GAS PRODUCING STATE

FRACKING MAKES US **LESS DEPENDENT** ON OTHER COUNTRIES.
U.S. NET OIL IMPORTS ARE AT A 30-YEAR LOW.

400,000+ DIRECT JOBS IN TEXAS
570,000+ TEXAS ROYALTY OWNERS
TEXAS INVESTED **\$2 BILLION** IN WATER PROJECTS USING OIL & NATURAL GAS TAX REVENUE.

OIL & NATURAL GAS COMPANIES PAID \$98.9 BILLION in state and local taxes and state royalties from 2007 through 2015. This revenue directly funds our public education, roads and economic services.

OIL AND NATURAL GAS IN TEXAS
A Joint Association Education Message
FROM THE TEXAS OIL AND NATURAL GAS INDUSTRY

Fracking is safe and keeps America secure.

TOGA Texas Oil & Gas Association
steer
PB&PA
Alliance
PPR&A

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GET THE FACTS
OIL & NATURAL GAS BUILDS TEXAS

WHAT IS FRACKING?
WHO REGULATES OIL & NATURAL GAS?
WHO DO I CALL WITH QUESTIONS?

Did you know that Texas oil and natural gas companies paid \$98.9 billion in state and local taxes and state royalties from 2007 through 2015? These and other stats are included in the newly updated **Get the Facts** brochure, produced by the Joint Association Education Initiative, a collaborative effort of eight trade associations, including TPA. For a pdf copy that you can print and distribute, please contact Gretchen Fox at gfox@gfoxconsulting.com.

IMPORTANT DATES

July 7

Comments due on PHMSA's Notice of Proposed Rulemaking on Safety of Gas Transmission and Gathering Pipelines

July 7

TPA Environmental Committee Meeting, Austin

July 8

TPA Board Meeting, Bastrop

Aug. 2

Comments due on Proposed Information Collection Request for Oil and Gas Facilities

Oct. 5

TPA Environmental Committee Meeting, Austin

Oct. 6

TPA Board Meeting, Plano

Nov. 8

Election Day

2017

Jan. 10 – May 29

85th Texas State Legislative Session

WELCOME NEW MEMBERS

Vaquero Midstream, LLC

Outrigger Energy, LLC

Sanchez Energy Corporation

THIS ISSUE'S CONTRIBUTORS

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