



# IN THE PIPELINE

TEXAS PIPELINE ASSOCIATION NEWSLETTER

FALL 2020

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## FROM THE CHAIRMAN

Greetings and welcome to the Fall 2020 edition of *In The Pipeline* (ITP). As we all continue to navigate the challenges of where and how we work, I know that many of you are balancing many competing priorities both personally and professionally. TPA is no different, as we strive to stay on top of government activity and advocate in a virtual environment.

With that vital advocacy role in mind, the uncertainty caused by the COVID-19 pandemic continues to impact the outlook for the Texas Legislature's 87th legislative session, scheduled to gavel in on Jan. 12, 2021. The Capitol building remains closed, and normally robust interim committee activities have been sharply curtailed and conducted online, without the in-person contact that we all prefer. Legislative leaders are presently discussing how to manage re-opening and how to safely bring people back to work. We know that the state's biennial budget will be the dominant focus of the session, with the jury still out on whether leadership will limit consideration of other non-budget policy priorities.

As ITP goes to press, Election Day is imminent, with early voting having reached unprecedented levels. Setting aside the high stakes at the very top of the national ticket, as well as important U.S. Senate elections across the country, the Texas general election will be notable as our first without "straight-ticket" voting. No longer do voters have the option of a one-punch vote to select all candidates of a particular party; instead, voters have to cast a vote for their preferred candidate for each office individually. It was reported that in 2018 two-thirds of all voters used the straight-ticket option to vote a straight party ticket; this could result in significant under-voting in some down-ballot races and therefore influence their outcome.

While it seems we always consider the next election to be the most important in our history, it's worth noting that our industry generally enjoys a pro-oil and gas governing majority in the Texas legislature. But elections have consequences, which means nothing can be taken for granted. Texas House Republicans hold an 83-67 seat majority this cycle, down from 95-55 the prior cycle, with considerable out-of-state money being spent to narrow that margin further or even flip party control. Regardless of which party turns the lights on each morning, we know that a new Speaker will be elected in 2021, resulting in more work for all of us to ensure that he or she will preside over a majority that understands the vital role our industry plays in the Texas economy.

No matter the implications of either the pandemic or the election, TPA will continue to provide effective advocacy on issues related to pipeline safety, environmental regulations, taxation and legislation. I hope you enjoy this issue, as we all look forward to seeing our industry colleagues once again in the near future.

Don Baldrige, DCP Midstream  
Chairman, Texas Pipeline Association

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## MESSAGE FROM THE PRESIDENT



Friends,

By the time this edition of *In the Pipeline* hits your inbox, Election Day will be upon us. TPA's Tex-Pipe PAC was highly active during this election cycle, helping and contributing to policymakers who have been champions for our industry and understand the essential role of pipelines in the state economy. This advocacy was possible because of your past donations to the Tex-Pipe PAC and I encourage you to stay involved, as it is crucial that we remain prepared to advocate both politically and legislatively moving forward.

Since our last edition, Texas Tech University released an [Update to the Economic Impacts of the Texas Oil and Gas Pipeline Industry](#). This TPA-commissioned study illustrates the remarkable impact the midstream industry has on the Texas economy. As you may be aware, this is an update to a previous one-of-a-kind study that focuses solely on midstream's impact on the Texas economy and does not take into account upstream or downstream direct economic impacts. The conclusions are eye-popping and show the continued dedication and hard work of TPA member companies. A few of the economic impacts included in the study highlighted that in 2019 alone, the pipeline industry accounted for over \$48.6 billion in economic output and sustained more than 238,000 jobs. Another interesting set of impacts the study underscores is how the midstream industry will continue to benefit the economy for over the next 40 years. I encourage you to take a look at the study and if you are able, share it on your company's media outreach channels.

This past year has been a challenging one but TPA and our member companies have shown resiliency and steadfastness through it all. Our work group on eminent domain never missed a beat and contributed to the basis for eminent domain legislation that will not only address landowner concerns, but also assure that essential infrastructure continues to be built. Our Pipeline Safety and Environmental committees have continued to meet and submit substantial comments to state and regulatory agencies. And our legislative affairs committee members have utilized a myriad of virtual and communication tools and continued to advocate with state officials on behalf of our industry. TPA's member company participation has always been a key to success and keeps us at the forefront of policymaking. Thank you for your continued service. Together, we will remain strong throughout the future.

In closing, I want to offer a special thanks and congratulations to a TPA company volunteer, Mr. Charles Yarbrough, on his upcoming retirement in January. Since the beginnings of TPA, Charles has been a stalwart in advocating on behalf of the association, serving as Pipeline Safety Chairman, Environmental Chairman and even serving as secretary of the association. One Board member from back in the day deemed Charles "The conscious of the association" and his presence will certainly be missed in the future. We wish Charles all the very best in his retirement and may he and his wife Judy enjoy time with the family and their herd of grandchildren! Thank you for your unparalleled service to TPA, Charles!

All my best,  
Thure Cannon

## TPA PREPARES FOR NEXT LEGISLATIVE SESSION

By Anne Billingsley, ONEOK, Inc.

As we continue to deal with changes in business and protocols our member companies are facing during the COVID-19 pandemic, the TPA Legislative Committee continues to meet virtually on issues we will face in the next legislative session. It is still unknown if government affairs representatives will have access to the state Capitol building or if the house and senate committees will meet either in person or virtually. The Texas House will also need to elect a new Speaker of the House of Representatives on opening day of the legislative session on Tuesday, Jan. 12, 2021. Some of these questions will not be resolved until after the November elections.

TPA has been working closely in the last year with the Texas Oil & Gas Association (TXOGA) and the Coalition for Critical Infrastructure (CCI) to work on solutions that enhance and improve the eminent domain process in Texas. For several legislative sessions, we have had differences with the



landowner groups on how eminent domain is conducted. We look forward to working with these groups and trade associations next session to make the eminent domain process more transparent and user friendly in the future.

In late August, TPA filed comments with the House Land & Resource Management Committee for interim charges relating to the Landowner Bill of Rights (LBOR). TPA looks forward to working with the committee to produce a LBOR that reflects a straightforward approach to the process, while maintaining the ability to build the essential infrastructure that keeps our economy moving. The new Landowner Bill of Rights, which was [updated by the Texas Attorney General's](#) office, provides the same information in a different layout with question and answer scenarios. The concept behind updating the document was to make it more user friendly and easier to understand.

# U.S. ARMY CORPS OF ENGINEERS PROPOSES CHANGES TO NATIONWIDE PERMITS AND TEXAS REGIONAL CONDITIONS

By Don Lewis, Duggins Wren Mann & Romero

The U.S. Army Corps of Engineers recently proposed to reissue and modify its nationwide permits (NWP), which allow for expedited Clean Water Act authorization for specified activities that have minimal impacts on waters of the United States (WOTUS). Of particular interest are the Corps' proposed changes to NWP 12, which for years has been a commonly used authorization for pipeline construction, maintenance, repair and removal projects that do not result in the loss of greater than 1/2-acre of WOTUS.

The Corps is proposing to divide NWP 12 into three separate NWPs in order to address the differences in how different linear projects are built, the substances they carry, and the different standards and best management practices that ensure that the NWPs authorize only activities that have minimal environmental effects. New NWP 12 would authorize only oil and natural gas pipeline activities, while two new NWPs would authorize activities associated with the construction, maintenance, repair, and removal of electric utility lines/telecommunication lines and utility lines that convey water and other substances.

In addition, the Corps is proposing changes that will help to expedite projects authorized by NWP 12 by reducing the number of proposed activities that require a company to submit pre-construction notification (PCN) to the Corps. In the context of NWP authorizations, the PCN process allows the Corps to evaluate proposed activities on a case-by-case basis to ensure that they will cause no more than minimal adverse environmental effects. PCN delays projects and can result in the Corps' imposition of additional conditions to the NWP authorization. The Corps is proposing to remove PCN requirements for the following types of projects authorized by NWP 12:

- Utility line activities involving mechanized land clearing in a forested wetland for the utility line right-of-way;

- The utility line in WOTUS, excluding overhead lines, exceeds 500 feet;
- The utility line is placed within WOTUS and it runs parallel to or along a stream bed that is within that jurisdictional area;
- Permanent access roads are constructed above grade in WOTUS for a distance of more than 500 feet; and
- Permanent access roads are constructed in WOTUS with impervious materials.

However, the Corps is proposing to add one new PCN threshold for NWP 12, for proposed oil or natural gas pipeline activities that are associated with an overall project that is greater than 250 miles in length where the purpose of the project is to install new pipeline along the majority of the distance of the overall project length. In addition, the Corps is proposing to retain current PCN requirements for NWP 12 projects that require a permit under Section 10 of the Rivers and Harbors Act and projects involving a discharge that will result in the loss of greater than 1/10 acre of WOTUS.

The Corps' proposal is available [here](#).

In addition to the proposed reissuance of and modifications to the NWPs, which are issued by Corps headquarters, the various regional Corps district offices, including those covering Texas, are proposing their own revisions and renewals to the NWP regional conditions. Regional conditions impose additional requirements and terms on NWP-authorized activities in specific areas. The purpose of regional conditions is to tailor NWPs to specific local conditions and circumstances. The proposed Texas regional conditions can be accessed [here](#).

Currently, Corps headquarters and Corps regional district offices are taking public comment on these proposals. The final versions of the NWPs and the regional conditions are likely to be published within the next six months.



# CHAIRMAN CHRIS PADDIE ON HOW PIPELINES DELIVER PROSPERITY TO HIS TEXAS HOUSE DISTRICT

The oil and gas industry, of which pipelines are an integral part, is vital to the economy of Texas and the nation. TPA has reached out to Texas state legislators to inquire about the importance of the industry to the residents and businesses of their districts. Here, Chairman Chris Paddie (R-Marshall), speaks about his East Texas district, which includes the Counties of Shelby, Sabine, Cass, Harrison, Marion and Panola. Rep. Paddie is Chairman of the House Committee on Energy Resources.

**Q. In 2015, you were appointed Vice Chairman of the House Energy Resources Committee and today you are the Chairman. The committee has jurisdiction over energy resources, production and regulation, including oversight of the Railroad Commission of Texas (RRC). We are very interested in your views on the state's oil and gas industry, but first, please tell us about the radio stations you own and hosting a weekday morning show called "The Talk of East Texas."**

**A.** Being in the radio business provides a great opportunity to serve East Texas. We have stations in Marshall, Carthage and Henderson. We take a community-oriented approach, providing up-to-date local news and coverage of many of our local schools' sporting events. For many areas, we are the only daily source of local news and events.

Every day, my radio show features a local organization or citizen with a timely topic or event, as we provide more insight for the listeners and help provide exposure for charitable and civic events. Every Monday we have the Sheriff, who provides helpful information about area law enforcement activity and some light-hearted humor.

**Q. What are your comments regarding the oil and gas industry in general? For example, does Texas need this industry and why? What benefits does it provide and why are they important?**

**A.** The oil and gas industry is a vital part of the Texas economy, and the East Texas economy in particular. While Texas has diversified its economy in recent decades, oil and gas remains the driving force behind the Texas Miracle. As your members are aware, the sales and severance taxes paid by the oil and gas industry are vital to the state budget and are a huge source of funds going to everything from schools to roads. This does not even begin to touch on the jobs created by the industry, or the innovation led by the industry. The benefits derived from the Texas oil and gas industry are numerous and wide-ranging.

**"HAVING SUFFICIENT PIPELINE CAPACITY REPRESENTS THE MOST EFFECTIVE AND EFFICIENT WAY TO MOVE OIL AND GAS PRODUCTS AROUND THE STATE."**

**"WHILE TEXAS HAS DIVERSIFIED ITS ECONOMY IN RECENT DECADES, OIL AND GAS REMAINS THE DRIVING FORCE BEHIND THE TEXAS MIRACLE."**

**Q. Are energy services a substantial source of jobs and tax revenues in your district? How has COVID affected the industry in your area?**

**A.** Yes, oil and gas is a huge part of the East Texas economy, providing jobs and local tax revenues. In my district alone, almost 3,500 East Texans are employed in the oil and gas industry. And as you know, these tend to be well-paying jobs. Furthermore, my local schools derive almost \$3 billion of their tax base from oil and gas activity. As these numbers show, any time there is a downturn in the oil and gas industry, East Texas feels the pain in many ways. The COVID-related downturn is no different, but I am confident that as in past cycles, the industry will become more efficient and innovative and emerge stronger on the other side.

**Q. Are you a supporter of the policies that encourage the building of a sufficient pipeline infrastructure to deliver the oil and natural gas products that lead to lower energy prices for consumers, including for electricity and gasoline?**

**A.** Yes, having sufficient pipeline capacity represents the most effective and efficient way to move oil and gas products around the state. As we have seen recently in the Permian Basin, producers are harmed when they are unable to get produced minerals from the well to production facilities. These inefficiencies are harmful for all aspects of the industry and ultimately the consumer. We must focus on building out this vital infrastructure.

**Q. Is there any other relevant information you would like to share?**

**A.** I am looking forward to continuing working with the oil and gas industry in the 87th legislative session to ensure that the industry is able to come out of these difficult times and to make sure Texas continues to lead in energy innovation.

# TPA RELEASES UPDATED STUDY SHOWING THE ENORMOUS ECONOMIC BENEFITS OF TEXAS PIPELINES

Through ongoing operations and construction in 2019 alone, the Texas oil and gas pipeline industry provided more than \$48.6 billion in economic impact, supported more than 238,000 high-paying jobs, contributed an additional \$29.3 billion in additional gross state product, and injected more than \$2.7 billion in state and local government revenues, according to a newly released updated study conducted by the Center for Energy Commerce at Texas Tech University and commissioned by the Texas Pipeline Association (TPA).

The study also found that of those state and local revenues, a typical Texas county receives an estimated \$12,350 in property taxes per year for each mile of pipeline located in the county.

“Texas pipelines are an essential component of our energy infrastructure,” said Thure Cannon, president of TPA. “It is clear from this Update to the Economic Impacts of the Texas Oil and Gas Pipeline Industry study that pipelines deliver the robust economic benefits that come from the continued growth and expansion of the oil and gas industry. And, with Texas as one of the fastest growing states in the nation, now more than ever we need pipelines to deliver the hydrocarbons that are used to make the more than 6,000 petroleum byproducts we rely on every day, including fertilizer, flooring, perfume, vitamins, soap, clothing and so much more.”

The study also shows that over the next 40 years, the jobs impact attributable to the Texas pipeline industry will reach more than 492,000. In addition, the industry is projected to generate cumulative economic impacts of:

- \$1.49 trillion in economic output;
- \$903 billion in additional gross state product; and
- \$84 billion in state and local government revenues.

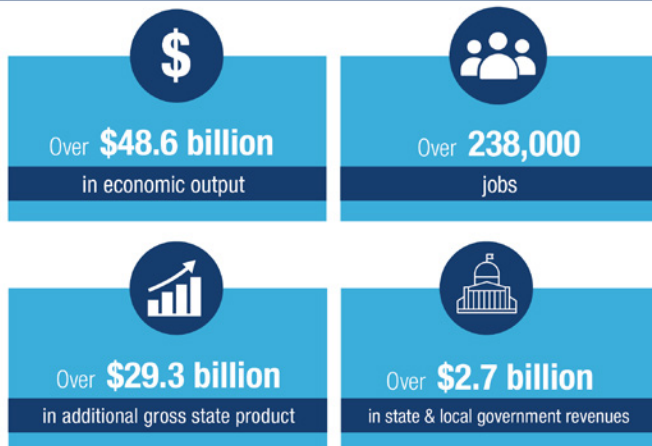
*\*in today's dollars*

Additionally, over the next 40 years, the cumulative property tax revenues generated per mile of pipeline for a typical Texas county is \$380,000 (in today's dollars).

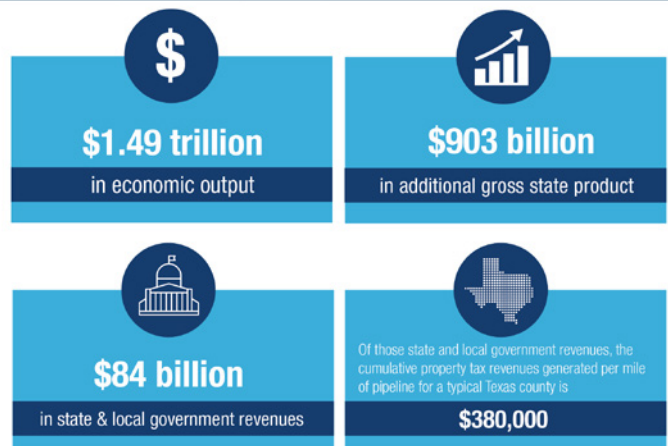
Even with the changes in prices and industry cycles experienced over the last several years, the innovations and discoveries in both plays and technologies have given rise to increased production of oil and gas and have led to additional demands on the pipeline system.

“The activities of the Texas pipeline industry, which include the transportation of hydrocarbons from sources of exploration and production to refineries and end-users, are one vital component of the substantial job creation, investment and overall economic growth of the state's economy,” said Bradley Ewing, PhD, who

In 2019, the total economic impact from Texas pipeline operations and construction includes:



Over the next 40 years, the Texas pipeline industry will generate cumulative economic impacts of (in today's dollars):



(Continued on next page)

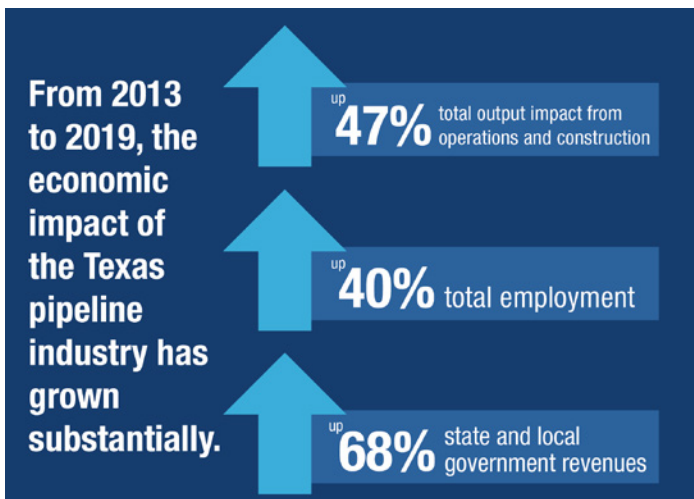
(Continued from page 5)

holds the McLaughlin Endowed Chair of Free Enterprise and is Professor of Energy Commerce in the Rawls College of Business at Texas Tech University. "Provided that the pipeline industry maintains effective transportation capabilities, it will continue to generate economic benefits that will likely impact Texas for years to come."

Other highlights of the study include:


- Since the original Texas Tech TPA-commissioned economic impact study, which focused on 2013 figures, the Texas pipeline industry's total output impact from operations and construction has increased by 47 percent, total employment by 40 percent, and state and local government revenues by 68 percent
- Pipeline mileage in Texas increased 13.16 percent from 2013 – 2019, with an average annual growth rate of 2.08 percent
- The number of employees in Texas whose employment is directly related to pipeline transportation increased by 2.68 percent per year from 2013 – 2019
- The price of West Texas Intermediate (WTI) in 2013 was \$98.97/bbl and \$57/bbl in 2019; with the price of natural gas (Henry Hub) at \$3.73 in 2013 and \$2.56 in 2019 per million BTU
- Texas rig count was 843 at the end of the year in 2013 and 406 at the end of 2019
- Texas Real Gross Domestic Product grew at an annual rate of 3.35 percent from 2013 – 2019
- The value added to Texas Real Gross Domestic Product accounted for by the economic impact generated from the Texas pipeline industry was 1.2 percent in 2013 and over 1.6 percent in 2019

Visit the [Update to the Economic Impacts of the Texas Oil and Gas Pipeline Industry](#) study online for more information.




## TWEET THIS!

HELP SPREAD THE WORD. IF YOU'RE ON TWITTER, PLEASE TAKE A FEW MINUTES TO SHARE THESE PRO-INDUSTRY TWEETS!

 **Texas Pipeline Assoc** @TexasPipelines · Oct 22


The power of #Texas pipelines: more than \$48.6bn in economic impact, more than 238,000 high-paying #jobs, \$29.3bn in gross state product and more than \$2.7bn in state and local government revenues. @ENERGY @oilpipelines @APLeenergy #pipelines #oilandgas bit.ly/31mrNRB



 **Texas Pipeline Assoc** @TexasPipelines · Oct 21

Texas' 254 counties greatly benefit from #pipelines, acc. to a new study. See all the economic benefits of the #midstream industry. @Txoga @oilpipelines @APGA @ogwausa @IPPT @APLeenergy @TexasCounties @AXPC\_US @txcomptroller @PermianBasinTX bit.ly/31mrNRB



 **Texas Pipeline Assoc** @TexasPipelines · Oct 7

Texas boasts 361,000 oil and natural gas #jobs (40% of nationwide O&G jobs), paying an average annual wage of \$132,104 - approximately 130% more than the average private sector job in #Texas. See @FNFRGY's new report. #pipelines #energy #xleage bit.ly/3JEGW8j



# NEWS BRIEFS

## TPA HAS UPDATED ITS MARKETING COLLATERAL

To help communicate the importance of Texas' pipeline industry, TPA has updated its collateral library, which is housed on the TPA website. Both updated pieces include TPA's new Texas Tech economic study numbers.

[Why Pipelines Matter to You](#)

[Economic Impact of the Texas Pipeline Industry](#)



## TPA IN THE NEWS

*Below are some recent mentions of TPA in the news.*

### Pipeline & Gas Journal

**Coverage:** [Texas Pipeline Association Study Shows Economic Impact of Texas Pipelines](#), *Pipeline & Gas Journal*, October 27, 2020

### yahoo! finance

**Coverage:** [Texas Study Links More Than 238,000 Jobs to Pipelines](#), *Rigzone on Yahoo! Finance*, Oct. 26, 2020

### Midland Reporter-Telegram

**Coverage:** [Texas pipelines pumped \\$48 billion into state economy in 2019](#), *Midland Reporter-Telegram*, Oct. 23, 2020

### NGI NATURAL GAS INTELLIGENCE

**Coverage:** [Texas Oil, Natural Gas Pipelines Said Major Contributor to State Economy](#), *Natural Gas Intelligence*, Oct. 21, 2020

### RIGZONE

**Coverage:** [Texas Study Links More Than 238,000 Jobs to Pipelines](#), *Rigzone*, Oct. 21, 2020

### O&G LINKS the power to connect

**Coverage:** [TPA releases updated study showing economic benefits of Texas pipelines](#), *O&G Links*, Oct. 21, 2020

### WORLD PIPELINES

**Coverage:** [TPA releases updated study showing economic benefits of Texas pipelines](#), *Worldpipelines.com*, Oct. 21, 2020

### OILMAN MAGAZINE

**Coverage:** [TPA Releases Updated Study Showing The Enormous Economic Benefits Of Texas Pipelines](#), *Oilman Magazine*, Oct. 20, 2020

## WELCOME NEW TPA BOARD MEMBERS

Please welcome TPA's new Board Members who have joined us since April. Thank you for your time and interest in helping us serve the Texas oil and gas industry.

**Steven Tramonte**, replaced Tina Faraca at Enable Midstream (April meeting)

**Diaco Aviki**, replaced Robbie McDonough at Crestwood (July meeting)

**Michael Mayo**, replaced Pat Giroir at Southcross Energy (July meeting)

**Brooke Vandygriff**, replaced Jason French at Tellurian (July meeting)

**Christina Harvick**, replaced Kevin Dahncke at Denbury (July meeting)

**Whit Scott**, replaced Jim Privett at Cheniere Midstream Holdings (July meeting)

**Patrick Rudy**, replaced Jim Alexander at Marathon Petroleum (October meeting)

## TPA 2021/2022 BOARD MEETING DATES AND LOCATIONS

Friday, Jan. 8, 2021	Virtual Meeting
Thursday, April 8, 2021	San Antonio
Friday, July 16, 2021	San Antonio
Thursday, Oct. 7, 2021	TBD
Friday, Jan. 14, 2022	Houston

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